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ABSTRACT

This report is the outcome of a study conducted to review and assess the development and the advantages and disadvantages of Illinois' present system of financing community colleges; to survey and evaluate the financing systems of other states with highly developed public educational systems; to assess the major alternative schemes of financing for the future; and to make recommendations as to specific changes in the financing system, including a plan for implementing these changes. Twenty recommendations are summarized in section 1 followed by a description of the study, projections of enrollments, costs, and revenues through 1980, and plans for funding both operations and capital improvements. (MJK)

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ILLINOIS BOARD OF HIGHER EDUCATION

COMMITTEE TO STUDY PUBLIC COMMUNITY COLLEGE FINANCING

Committee Report on Financing Public Community Colleges

May, 1975

JC 750 428

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PREFACE

Early in 1974 the Illinois Board of Higher Education appointed a Committee to Study Public Community College Financing in Illinois. This Committee has worked diligently for the past eleven months, has completed its study, and now herewith submits its Report to the Illinois Board of Higher Education.

The Committee held numerous open meetings, at every one of which it encouraged and received comments and suggestions from community college trustees, officials, consultants and staff members. It held seven public hearings where these people and many other interested persons could and did present statements and testimony. It also received presentations by authorities from various sister states in order to learn more of their plans and practices.

In spite of all of these efforts to conduct a comprehensive study, it must be admitted that there are several areas in which the Committee could not do a thorough job. One such area is that of the total interrelatedness of the public community colleges with all other sectors of higher education, both public and private. These relationships are important, and it is hoped that the other studies that are being made by the Board staff and other Master Plan Phase IV committees will provide sufficient information to the board to make informed and balanced decisions regarding them.

This Committee was composed of the most intelligent, knowledgeable, hard working and outspoken group of people I have been privileged to

serve with. They recognized that they could not completely satisfy the wishes of every opposing faction that has an interest in financing community colleges in Illinois. Nevertheless, they made every decision with integrity, with conscientiousness, with vision, and with good will, as they tried to apply their best judgment to the task assigned to them. The staff who served the Committee approached all matters in the same manner.

Therefore, I can say, with deep appreciation for every member of the Committee and the staff, that I believe the recommendations embodied in this Report are sound and workable. They should provide a valid foundation for financing community college education in Illinois.

William B. Browder, Chairman

I. SUMMARY OF PROPOSED FUNDING PLAN AND OTHER RECOMMENDATIONS

Operating Budget Recommendations

The Committee believes that appropriate means for the measurement of economy, efficiency and effectiveness of community college districts and their educational programs should be established so that quality education may be delivered at the lowest possible cost. The committee wishes to emphasize this statement as it relates to the specific recommendations that follow.

1. The state funding plan for public community colleges should be based upon the following principles:

   a. Credit hour generating instruction will be divided into eight different categories, as follows:

      (1) Baccalaureate

      (2) Business, Public Service and Personal Services

      (3) Data Processing and Commerce Technologies

      (4) Natural Science and Industrial Technologies

      (5) Health Professions

      (6) Review of Vocational Skills

      (7) Remedial/Developmental General Studies

      (8) Other General Studies

   b. Non-credit hour activities included in the missions of the community colleges will be considered a ninth category. This includes community education, public service, and research activities.

c. For every credit hour instructional category (#1 through #8 above), the state will make flat grants per credit hour for a certain percentage of the difference between:

(1) The statewide average cost in the system for that category, as adjusted for inflation, marginal cost savings, and productivity savings,

-and-

(2) the standard local contribution calculated from statewide average property taxes, tuition and fees, and other local revenues.

d. Financial resources will be provided for all categories. Since the eighth and ninth categories are more locally oriented, the state will fund higher percentages of the difference described in (c) above for the first seven categories. Specifically, the state will fund:

- 100 percent of this difference for the first seven categories.
- 50 percent of this difference for the eighth category.
- Zero percent of this difference for the ninth category.

e. Additional financing for the eighth category and total costs for activities in the ninth category can be funded from local taxes, tuition and fees, and other revenues, including the special source described in (f).

f. In the calculation formula for state funding, the standard local contribution used is one cent less than the average statewide tax rate. Thus, the state pays an additional $1.20 per credit hour for all funded programs. (See page 55.) This amount is intended to support the remaining fifty percent of the differential cost of the eighth instructional category, plus the cost of all activities in the ninth category.

g. Special grants will also be funded by the state, as follows:

- Equalization grants will be provided for districts unable to raise the portion of the standard local contribution funded by property taxes, using the statewide median tax rate. This method of equalization is thus built into the basic flat grant funding approach, rather than added on "externally" in an unrelated manner.

- Grants for the educationally disadvantaged student will be provided to all districts for a portion of the added costs of such education.

2. State and federal vocational education grants distributed through state agencies should be counted as a part of state support for community college operations.

3. Local control of the community colleges should be preserved. To further local control and avoid unnecessary time and expenses at the local and state level it is also recommended that:

a. The state will continue to leave to the discretion of each individual community college all decisions about how the funds it receives as described above are actually allocated among activities carried out by that college.

b. The community education and public service activities be reported annually to Illinois Community College Board (ICCB) with no program approval necessary. However, colleges must submit such reports in order to validate the inclusion of adequate programs in these areas as required by the Community College Act.

c. General campus plans for educating the disadvantaged be reviewed and approved annually. Approval of specific projects should not be necessary.

4. The ICCB should continue to review all programs and courses to determine if all are appropriately categorized.

5. The ICCB and Illinois Board of Higher Education (IBHE) should develop procedures for an annual review of existing programs and for making recommendations to local governing boards concerning limiting or eliminating instructional programs in their curricular offerings.

6. Local districts should be permitted to levy a 17½ cent (per $100 EAV) educational fund tax rate and a 5 cent (per $100 EAV) building and maintenance fund tax rate with provisions for a backdoor referendum. (This recommended foundation tax rate is at the same level provided by law for the Chicago Community College district and the Adams-Pike County Community College District.)

7. The level of tuition and fees should be determined by local districts up to the maximum permitted by law (presently 1/3 of instructional costs).

8. In order to establish some consistency in calculating the <u>percent</u> of state and local contribution to community college <u>operations</u> the Illinois State Scholarship Commission (ISSC) grants should be considered as state aid to students, not aid to college operations, and state contributions to the State University Retirement System (SURS) should be considered as state aid to college operations.

9. Enrollments for funding purposes should be counted at mid-term. This should not prevent consideration of earlier payments of projected college claims to ease cash flow problems.

<u>Capital Budget Recommendations</u>

10. Interim community college facilities should be used as long as practical. Local governing boards may request seventy-five percent of state financing for interim community college buildings that have projected usefulness of at least twenty years. Such facilities then would become a part of the total campus plan.

11. Caution should be exercised in building new facilities to avoid providing space in excess of enrollment needs. Enrollments that are better served off-campus should be excluded in determining on-campus building needs.

12. The current plan of a minimum of 25 percent local share and up to 75 percent state share of capital construction should be continued.

13. The ICCB and IBHE should continue efforts to refine guidelines used to determine both space needs and costs for capital improvements.

14. State dollars should be used for needed buildings and fixed equipment before the state finances moveable equipment.

Other Recommendations

15. The state should establish and maintain procedures for the equalization of tax assessment practices in accordance with existing, or amended, state laws. Statewide average assessments as determined by the Department of Local Government Affairs, or its successor, should be used in calculations of the funding formula.

16. When state expenditures for community college operations exceed 55 percent of total operating costs, or 5 years after this report, whichever comes first, a committee should be appointed to review community college financing.

17. The state should consider changes including new tax sources and/or revenue sharing, to make the local tax base more responsive to growth in money income in the district.

18. Community colleges should cooperate with other institutions and agencies, public and private, to avoid unnecessary duplications of facilities and curricular offerings.

19. The Illinois Board of Higher Education should initiate a study of instructional teaching loads and cost standards. (This should apply to all of higher education.)

20. The possibility of merging districts with a view toward improving educational services and efficiency should be explored.

Applying the proposed equalization procedures to FY76 funding results in the following calculations:

	Cr. Hr.	FTE
1. total standard local contribution	$32.00	$960.00
2. minus mean statewide tuition and fees	10.25	307.50
3. standard local tax contribution	$21.75	$652.50

4. If a local district raises less than the standard local tax contribution ($655 per FTE student for FY76 calculations) when the adjusted statewide median tax rate is multiplied by the assessed valuation (adjusted to 40 percent of market value) the difference is the amount of the equalization grant.

II. PURPOSES AND OBJECTIVES OF STUDY

The purposes and objectives of this study, as initially outlined by the Illinois Board of Higher Education (IBHE), include the following:

1. A review and assessment of the development and the advantages and disadvantages of our present system of financing.

2. A survey and evaluation of the financing systems of other states with highly developed public educational (community college) systems.

3. An assessment of the major alternative schemes of financing for the future including, but not limited to, the important effects of each alternative in the following areas:

   a. Revenue sources, including federal, state, and local taxes as well as the direct beneficiaries of education including local employers, major industries, and students as revenue sources.

   b. Access to educational opportunity.

   c. Division of responsibility and control of the services to be provided between the district and the state authorities.

   d. Relationships among the community colleges and other institutions of education, including public and private colleges and universities, hospitals and institutes, as well as independent private businesses offering education or training.

   e. Management information systems.

   f. Public accountability.

4. The committee's recommendations as to specific changes, if any, in our financing system, including a plan for implementing these changes.

Although the committee met ten times over a period of almost eleven months it was not possible to do a comprehensive study of all subjects related to community college finance. One subject that was recognized

by the committee as very important was "Relationships among the community colleges and other institutions of education, including public and private colleges and universities, hospitals and institutes, as well as independent private business offering education or training" as listed in the purposes and objectives above. The committee spent little time studying these relationships because of the lack of sufficient time to do so. This is a topic that the committee feels should be given careful study and consideration by the Illinois Board of Higher Education and its staff.

There are a number of topics being studied by the IBHE staff and committees in the Master Plan Phase IV process that relate to this subject. The Community College Finance Committee is hopeful that the subject in question will receive due consideration through these master plan activities. This is most important if the state is to provide comprehensive higher education to its citizens in the most effective and efficient manner.

III. DESCRIPTION OF ILLINOIS PUBLIC COMMUNITY COLLEGES[1]

History and Growth

Local high school districts developed 27 junior college[2] campuses in Illinois prior to the passage of the Junior College Act on July 15, 1965. These original 27 junior colleges were not the comprehensive institutions that exist throughout Illinois today. The junior colleges are now called community colleges and have expanded their enrollments, programs and services to 48 community college campuses. The concept of a community college today is that of a comprehensive institution interacting and responding to community and State needs with services, instruction and training for persons of postsecondary school age. The community college is an "open door" institution, accessible to all who can benefit from the educational experiences provided. Since there is an "open door" policy, students must be counseled to help them enter a program to match their interest and ability. This means that community colleges must offer remedial and developmental programs as well as transfer and occupational programs.

The Illinois system of community colleges has been recognized for its growth and development. There are now 48 campuses in 39 districts. The headcount enrollment in 1965 was 66,217; by 1974, the number had increased to 267,156. The system by 1971 began serving over 50 percent of

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[1]This chapter is an expansion of the mission and scope statement (supplied by IBHE) to provide a more complete summary of the history and description of the public community colleges in Illinois.

[2]The name public junior college was changed to public community college in 1973.

all the students enrolled in public higher education. One of the unique characteristics of the community college is the number of part-time people being served. This number has increased by approximately 70 percent in the past two years, from 111,102 in 1972 to 188,362 in 1974.

Tables 1 and 2 provide additional information about enrollment at the community colleges. Table 1 shows the growth of community colleges in relation to other sectors of higher education from 1970 through Fall 1974. Table 2 shows community college enrollment by program areas.

The enabling legislation directed that the community colleges of the State should include comprehensive programs. Comprehensiveness is defined in the legislation as curricula that include: (1) courses in Liberal Arts and Sciences and General Education; (2) adult education courses; and (3) courses in occupation, semi-technical or technical fields leading directly to employment. Although the community colleges are required by law to have a minimum of 15 percent of all courses taught in fields that lead directly to employment, nearly all of the community colleges far exceed the 15 percent level at the present time.

Programs and Services

The baccalaureate programs parallel closely the work offered at 4-year institutions during the freshman and sophomore years. The community colleges have developed transfer programs that articulate effectively with senior institutions and facilitate student transfer to a 4-year institution for the completion of the last two years of the baccalaureate degree.

The occupational programs are designed to follow closely the job entry skills needed for immediate employment. All programs designed in the occupational area are required to be developed through the cooperation

Table 1

DEGREE OR CERTIFICATE CREDIT ENROLLMENTS
BY HIGHER EDUCATIONAL SECTOR, FALL TERM 1970-1974
(Total On and Off-Campus)

	1970	1971	1972	1973	1974	Percent Change 1970 to 1974
Public Universities						
Headcount	179,597	176,050	176,153	178,487	183,751	2.3%
FTE	155,912	155,564	154,363	154,833	156,648	0.5
FTE/Headcount	.87	.88	.88	.87	.85	-2.3
Public Community Colleges						
Headcount	157,184	175,859	185,328	224,952	267,156	70.0
FTE	94,617	106,279	108,637	114,156	125,967	33.1
FTE/Headcount	.60	.60	.59	.51	.47	-21.7
Private Colleges & Universities						
Headcount	121,343	121,415	119,502	118,046	121,006	-0.3
FTE	96,991	97,334	95,469	95,825	96,732	-0.3
FTE/Headcount	.80	.80	.80	.81	.80	0.0
All Other Private Institutions						
Headcount	14,804	15,504	15,729	16,609	17,848	20.5
FTE	12,630	13,405	13,649	14,275	15,677	24.1
FTE/Headcount	.85	.86	.87	.86	.88	3.5

Table 2

FULL-TIME-EQUIVALENT (FTE) ENROLLMENT BY PROGRAM AREA
IN ILLINOIS COMMUNITY COLLEGES

FTES	FY70	FY71	FY72	FY73	FY74	FY75	FY76
Baccalaureate	55,404	61,130	68,678	69,338	69,108	69,080	68,120
% of Total	71.0	66.0	65.9	61.3	59.0	55.0	52.0
Business	5,719	8,324	7,449	11,448	12,299	13,816	15,720
% of Total	7.3	9.0	7.2	10.1	10.5	11.0	12.0
Vocational/ Technical	9,729	14,561	19,718	19,910	24,598	27,632	28,820
% of Total	12.5	15.7	18.9	17.6	21.0	22.0	22.0
General Studies	7,154	8,561	8,370	12,374	12,299	16,328	18,340
% of Total	9.2	9.3	8.0	10.9	10.5	13.0	14.0
TOTAL	78,006	92,577	104,215	113,069	117,132	125,600	131,000

Sources of data:
Illinois Community College Board Cost Studies FY70-FY73
Illinois Community College Board estimates FY74-FY76

of local citizens advisory committees, including people from the specific industries being served by the program. The occupational programs can be classified basically in two categories. First is the Associate of Applied Science Degree which provides for a two-year program developing both the necessary job entry skills and general education offerings as an enrichment function for the student. The second type of program is a Certificate program. A student pursuing a curriculum designed to lead to a Certificate is normally provided only those necessary job entry skills without the general education component. These programs are, of course, much shorter and provide the student an opportunity to develop specific skills for immediate job entry. Many of the occupational programs are designed to serve both the Certificate function and to be an integral part of an Associate of Applied Science degree. By encouraging people of all ages to avail themselves of educational opportunities, the programs provide for mid-life career changes and re-entry into the job market for many. Experience has shown that many adults participating in the community college program have no interest in the specific certificate or degree but do wish to develop knowledge or skill for a specific job-related purpose.

One of the unique functions of all the community colleges is the provision of developmental programs. These programs have provided opportunities for students in all classifications to improve upon basic skill areas to assist them in becoming better adapted to additional education and/or training.

Normally, when the programs are established, the local institution establishes the level of proficiency needed by the individual to enter the program. The students are assisted upon entry into the program by support of counseling services offered by the institution. If additional preparation is needed, a student is advised to enter a developmental

program in addition to the basic program that provides the training for a specific skill area.

A recent development in higher education has been the interest on the part of 4-year institutions in providing additional experiences for people graduating from occupational programs and continuing their education toward a baccalaureate degree. These programs, often referred to as "capstone" programs, allow the student with an associate degree to receive some additional general education and specific training at the baccalaureate level and to enter the labor market at a higher degree of proficiency. Many of these people can appropriately enter the teaching field in the occupational area.

The community service function of the community college provides a wide range of activities and courses that interact with the local community. These courses and/or programs may assist in developing additional basic skills or be in other categories, which include personal development, intellectual/cultural development, home improvement, and community/civic development. Since the community college is a teaching and service institution by design, various methodologies are being employed to deliver the learning experience. Interest has been demonstrated on the part of the colleges in finding effective methods of providing instructional services. The colleges have utilized different models for instruction which range from the traditional lecture to sophisticated auto-tutorial approaches. Since a large portion of the enrollment is part-time, the colleges have also found it necessary to design courses within varying time frames to meet the needs of their students. To enhance the programs and better to serve the students, various cooperative arrangements have been developed with other community colleges, public and private senior institutions, hospitals, business and industries, proprietary schools and

other organizations able to contribute to the delivery of postsecondary educational services.

Although the programs are provided through the 48 campuses within the Illinois Community College System, the activity is not confined to the campus. The colleges are actively reaching beyond the campus into various locations within their communities to provide for the needs of the people.

Mission and Scope[3]

The emphasis of the community college, with regard to structured educational programs, is on courses of study which are two years or less in duration and which lead to Associate degrees or certificates.

In fulfilling its role vis-a-vis the community, each college is governed by a locally-selected board of trustees who help determine local educational needs in concert with other community groups and organizations.

Within this context, each community college is unique with regard to its efforts to provide educational services in response to local needs.

From a broad perspective, however, it is assumed that the programs and services of all community colleges will be similar. To that end, there is provided by law statewide program and budgetary coordination by the Illinois Community College Board and the Illinois Board of Higher Education.

Inasmuch as community colleges are recipients of state-appropriated tax dollars, they must relate their aspirations to overall statewide policies and priorities that apply to all postsecondary education institutions.

As a result of statutory charges, and the developed policies and practices of local governing and state coordinating boards, several

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[3]This section of the report contains an abbreviated introductory statement of mission and scope plus the six specific missions of the community colleges.

distinct missions are identifiable for all community colleges that together define their purposes. The circumstances and requirements of each community college district may require more emphasis on certain missions than others.

These missions, and their respective scope further delineating the role of the community colleges, are as follows:

1. Mission: Provide baccalaureate education programs.

   Scope: Such programs shall include courses in liberal arts, sciences, and pre-professional fields designed to prepare students for transfer to four-year colleges and universities and/or to meet individual educational goals. These lower division courses or programs shall be so designed to articulate with public senior institutions. Wherever possible, the baccalaureate program shall articulate with the private senior institutions of the state. Standards for admission into this program shall be equivalent to those in effect at public senior institutions. The breadth of the offerings shall be determined by resources, programmatic needs and demands upon the institution.

2. Mission: Provide career education programs.

   Scope: These programs shall be in occupational, vocational, technical, and semi-technical fields designed to provide job training, re-training, and/or upgrading of skills to meet individual, local and state manpower needs. These programs shall lead to the awarding of an Associate of Applied Science degree or certificate. Approval of programs shall be based upon need, available fiscal and human resources, student interest, manpower studies, institutional commitment, and state and regional planning considerations. There shall be evidence of the utilization of an appropriate citizens advisory committee. The programs containing work experiences shall be based upon concurrent or previously related instruction. Effort should be made to articulate programs with a specific area of employment. Programs leading to licensure must be articulated with the appropriate agency or organization.

3. Mission: Provide general studies programs.

   Scope: These programs shall include preparatory or developmental instruction, adult basic education, and general education designed to meet individual educational goals. Courses shall be provided that are designed to prepare individuals for admission to occupational or baccalaureate oriented curriculum or, may be taken by the student for general education and intrinsic value.

4. Mission: Provide community education programs.

   Scope: These programs shall include non-credit adult continuing education classes which may be avocational, vocational, or of general interest to the constituency, usually within a modified course structure. These activities should be selected to support and not duplicate the function of other community groups or organizations.

5. Mission: Provide public service activities of an educational nature.

   Scope: Public service includes activities which are frequently outside of the normal course structure of the college. These activities may include workshops, seminars, forums, cultural enrichment, community surveys, facility usage, and studies designed to meet community service needs. These educational activities are normally considered as avocational, cultural or service oriented programs for the community. The extent of the public service activity shall be determined by the identified community needs within the limits of human and fiscal resources. Caution should be exerted to avoid duplicating or assuming responsibility that falls within the scope of other institutions, agencies or organizations. The primary thrust of the public service activity should be toward the adult population. Coordinated activity with other organizations is encouraged.

6. Mission: Provide student support services.

   Scope: These services and programs are designed to meet student needs including but not limited to general institutional and learning resource services, admissions, counseling, testing, tutoring, placement, and special assistance for disadvantaged students. The range and extent of the various support services shall reflect the programmatic development and direction of the institution. The availability of total community resources shall also dictate the types of services provided. Support services must be made available to support effectively the instructional program and, depending upon the area being served, may have a broader community responsibility.

IV. FINANCING ILLINOIS PUBLIC COMMUNITY COLLEGES 1965-1976

Operations

The 1965 legislation, in creating the present community college system, set flat grant funding at the rate of $11.50 per semester credit hour. This level of funding, as well as the method of distribution, was used during fiscal years (FY) 1966 through 1969.

During the development of the FY1970 budget, an increase in the flat rate grant was recommended by the Illinois Junior College Board (IJCB).[1] This budget request was made on the basis of a $15.50 per semester credit hour flat grant rate. The Illinois Board of Higher Education (IBHE) agreed to recommend the total amount generated by the $15.50 flat rate but requested that the IJCB develop a formula for distributing this amount both as flat rate grants and equalization grants.

The governor agreed to recommend a flat rate grant increase from $11.50 to $15.50 but asked that equalization funding be deferred and given further study. The $15.50 per semester credit hour was enacted for distribution in FY1970. The $15.50 rate was maintained for FY1971. No equalization funding plan was adopted. An additional $5 million was provided by the Division of Vocational/Technical Education (DVTE) in both FY1970 and FY1971.

During the fall of 1961 the IBHE formed an Advisory Committee on Financing Junior Colleges to give further consideration to financing plans. The committee presented its report to the IBHE in September, 1970. The

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[1]Name changed to Illinois Community College Board (ICCB) in 1973.

report included a recommendation to amend the flat rate grant apportionment method and include equalization along with flat grant funding. The IBHE agreed to the concept of a combination flat grant and equalization funding but altered the amounts and the equalization funding method recommended by the committee.

The funding plan adopted by the 77th General Assembly for FY1972, although slightly different from both that of the Advisory Committee and the IBHE, maintained a flat rate grant of $15.50 per semester credit hour and added $1.05 million in total equalization funding to be apportioned to qualifying districts. Although the credit hours in vocational/technical courses increased substantially the funding from DVTE decreased from approximately $5 million to $4.5 million.

In FY1973 the flat grant rate was increased to $16.50 per semester credit hour and supplemental funding of $2.50 for each credit hour in non-business occupational programs was provided. In addition DVTE provided approximately $6 million. Equalization funding was increased to a total of $1.4 million (reduced to $1.2 million in a transfer bill) and grants were provided for approved Public Service and Disadvantaged Student projects $750,000 and $1.4 million respectively.

During FY1974, flat grants were paid at a rate of $18.50 per semester credit hour and supplemental non-business occupational grant rates were increased to $5.00 per semester credit hour. In addition DVTE provided approximately $7 million. A small amount, $78,600, was appropriated for the first time for instruction of inmates at correctional institutions. Equalization funding, $2.22 million, and special categorical funding for Disadvantaged Students, $1.4 million, and Public Service, $750,000, continued, although the distribution method was altered somewhat.

For FY1975 the flat grant is funded at a $19.20 rate, the supplemental non-business occupational grant is funded at a $5.80 rate, equalization grants amount to $2.85 million, funding for correctional institutions is $100,000 and the funding for Public Service and for Disadvantaged Students is $750,000 and $1,400,000 respectively. Approximately $6 million is expected from DVTE.

For FY1976 the IBHE has recommended the following funding level for the community colleges: flat rate grants at $21.70; supplemental non-business occupational (vocational/technical) grants at $5.80; equalization funding of $3.1 million; special grants for disadvantaged students, $2.6 million; for public service, $750,000 and for instruction at correctional institutions, $125,000. Approximately $7 million is expected to be received from DVTE.

Table 3 provides data on appropriations for the last two fiscal years for operation of community colleges and lists the amounts recommended by IBHE for FY1976.

Capital Facilities

The Illinois Community College Act provides that the local district and the state share in the costs of capital construction for public community colleges. Local districts contribute a minimum of 25 percent of site acquisition and construction costs and the State (including federal monies, if any) contributes up to 75 percent of approved site acquisition and construction costs.

Although there are several campuses which still have no completed permanent facilities and a number of others with limited permanent facilities, substantial progress has been made toward the construction of permanent campuses during the ten years since the system's formation.

Table 3

OPERATIONS AND GRANTS FOR COMMUNITY COLLEGES
1973-1976

(in thousands of dollars)

	Appropriations FY1973	Appropriations FY1974	Appropriations FY1975	IBHE FY1976 Recommendation	Recommended Increase over FY1975	Recommended Percentage Increase over FY1975
Flat-Rate Grant	$54,232.5	$65,025.0	$72,345.6*	$ 85,281.0	$12,935.4	17.9%
FY1976 Enrollment Growth to 131,000 FTE					3,110.4 9,825.0	
Vocational/Technical Grants	1,530.0	3,340.0	4,593.6*	5,045.0	452.4	9.9
BY1976 Enrollment Growth to 29,000 FTE					452.4	
Equalization Grants	1,200.0	2,220.0	2,824.7	3,100.0	275.3	9.8
Special Grants	2,250.0	2,328.6	2,550.0	3,575.0	925.0	36.3
Disadvantaged Students	1,400.0	1,400.0	1,400.0	2,600.0	1,200.0	
Public Service	750.0	750.0	750.0	750.0	---	
Initial Grants for New Districts	100.0	100.0	300.0	---	(300.0)	
Instruction at Correctional Institutions	---	78.6	100.0	125.0	25.0	
State Community College at East St. Louis	2,879.5	3,205.8	3,205.8	3,375.6	269.8	8.4
Illinois Community College Board Office	405.7	588.3	562.0	691.8	129.8	23.1
TOTAL	$62,467.7	$76,707.7	$86,081.7	$101,069.4	$14,987.7	17.4%
(Less FY1975 Anticipated Supplemental)			(5,719.2)	(5,719.2)		
Amount Based on FY1975 Appropriation			$80,362.5	$95,350.2	$14,987.7	18.7%

*Includes an estimated FY1975 supplemental appropriation totaling $5,719.2 required to fund enrollment growth to 125,600 from a funded enrollment of 117,000.

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Concerning the financing of these facilities, bonds have been authorized locally in the amount of nearly $180 million for purposes of acquiring land and constructing facilities. Of this amount, approximately $170 million has been used. In addition, a substantial amount of local tax money has been accumulated in local districts' Building Funds and transferred to their Site and Construction Funds for use in the local financing of site acquisition and construction. The bonds, building fund tax revenue, and other local sources, such as college foundations, have provided the local share (minimally 25 percent) of the total site acquisition and construction expenditures.

The Illinois General Assembly, beginning with the 74th Biennium, has appropriated over $300 million for the purpose of financing the state share (up to 75%) of community college site acquisition and construction. Federal funds have contributed approximately $17 million to date. An additional $41.6 million in new construction has been recommended by the Illinois Board of Higher Education for FY1976.

By the Fall of 1975, community colleges will be utilizing approximately 7.4 million net assignable square feet (NASF) of total space in permanent facilities. Altogether, the Illinois public community colleges are expected to have approximately 10 million NASF of space available for use by the fall term, 1975. It is important to point out, however, that approximately 2.6 million NASF (approximately 26%) of this amount will still be of a temporary or interim nature.

Of the 7.4 million NASF of permanent space expected to be available in the fall, 1975, nearly 5 million NASF are for instructional use, such as classrooms, laboratories, vocational shops, and libraries. Another 732,000 NASF is space provided for student services, such as counseling,

admissions, study areas, and eating facilities. The remainder is for faculty and administrative offices and special use facilities.

Table 4 provides additional data on capital facilities expected to be available in the Fall of 1975.

Table 5 lists the IBHE recommendations for FY1976.

Table 4

TOTAL PERMANENT FACILITIES EXPECTED TO BE AVAILABLE IN THE FALL, 1975 (IN NET ASSIGNABLE SQUARE FEET-NASF)

Dist. No.	Dist./Campus Name	Total NASF	Total GSF*
501	Kaskaskia	109,932	151,756
502	DuPage	266,718	427,250
503	Black Hawk		
	Quad Cities	362,959	465,164
	Kewanee	---	---
504	Triton	355,276	469,113
505	Parkland	270,809	410,470
506	Sauk Valley	169,925	319,828
507	Danville	87,288	115,285
508	Chicago City		
	Northeast	290,300	430,000
	Kennedy-King	479,050	715,000
	Loop	---	---
	Malcolm X	354,474	521,000
	Olive-Harvey	---	---
	Southwest	---	---
	Wilbur Wright	144,757	244,200
509	Elgin	126,068	204,302
510	Thornton	310,603	503,724
511	Rock Valley	270,167	437,240
512	Wm. Raney Harper	287,997	446,192
513	Illinois Valley	176,519	262,300
514	Illinois Central	309,564	458,315
515	Prairie State	179,173	269,356
516	Waubonsee	202,047	288,340
517	Lake Land	137,966	179,307
518	Carl Sandburg	119,273	174,026
519	Highland	159,234	202,593
520	Kankakee	109,048	170,292
521	Rand Lake	117,269	176,536
522	Belleville	137,442	213,266
523	Kishwaukee	76,702	120,708
524	Moraine Valley	254,578	388,790
525	Joliet	281,114	389,063
526	Lincoln Land	185,125	283,457
527	Morton	164,183	236,292
528	McHenry	110,785	145,800
529	Illinois Eastern		
	Lincoln Trail	71,827	89,347
	Olney Central	78,068	112,596
	Wabash Valley	55,354	76,208
530	John A. Logan	86,049	130,497
531	Shawnee	88,865	124,739
532	Lake County	145,489	218,800
533	Southeastern	94,605	137,743
534	Spoon River	107,258	148,233
535	Oakton	---	---
536	Lewis and Clark	101,727	122,563
537	Decatur	---	---
Total-Class I Districts		7,435,638	10,979,691
[illegible]	[illegible]		
Total-All Districts		7,435,638	10,979,691

Source of Data: FY1975 Capital Funding Requests and Appendix A of the district long-range plans.

*Gross Square Feet

Table 5

FY1976 IBHE Capital Recommendations
Illinois Community Colleges

	Basic Recommendations	Supplemental Recommendations	Total
Illinois Community College Board			
State Community College of East St. Louis	$ -	$ 1,800,000	$ 1,800,000
William Rainey Harper College	2,606,691	1,992,261	4,598,952
College of DuPage	614,400	-	614,400
Oakton Community College	10,055,175	-	10,055,175
Black Hawk College-Black Hawk College East	2,735,396	-	2,735,396
Triton College	6,841,163	-	6,841,163
Danville Junior College	2,200,000	-	2,200,000
Illinois Eastern Community Colleges-Wabash Valley College	744,316	-	744,316
Lewis and Clark Community College	2,988,403	-	2,988,403
Lake Land College	1,677,783	-	1,677,783
Belleville Area College	2,389,200	-	2,389,200
Illinois Central College	-	2,251,369	2,251,369
College of Lake County	-	2,735,625	2,735,625
Total	$32,852,527	$ 8,779,255	$41,631,782

V. PROJECTIONS OF COMMUNITY COLLEGE COSTS AND REVENUES THROUGH FY1980

No one knows exactly what the future will hold for community colleges in Illinois. However, educated guesses can be made about the future of costs and revenues in community colleges by examining past and present operating processes. The projections in this report are based upon past experience, recent policy actions and anticipated effects of changes in community college finance in Illinois.

Costs in community colleges are determined by enrollment increases, inflation and available resources. All are difficult to predict, but given the current financial base of Illinois community colleges these factors could threaten the financial health of the institutions if current expenditure patterns continue without increased productivity or additional resources.

Enrollments

The annual full-time-equivalent (FTE) enrollment projections through FY1980 which have been used are a modified version of projections developed by the Illinois Community College Board staff in September 1974. Modifications were made to reflect more recent enrollment data and anticipated effects on enrollment of policy recommendations made elsewhere in this report.

Projecting enrollments is particularly difficult given the expansion of the student market into older age groups, and part-time students. If only traditional college-age students are considered, these projections

are probably high, but it seems reasonable to accept them for the purpose of projection given our relative inexperience with the older student population.

Inflation

The rate of inflation is one of the more imponderable elements of projecting to 1980. From 1968 to 1972 the average rate of inflation was slightly under 5 percent, but the 1974 rate of inflation was approximately twice that rate. The economic downturn now in progress should reduce the current level of inflation, but we can only speculate what the precise level of inflation will be over the next five years. Two cost-revenue projections are developed in this chapter by assuming inflation rates of 6 percent and 9 percent.

The Marginal Cost Problem

The marginal cost of serving a 5 percent enrollment increase in a given year is not necessarily equal to 5 percent of the cost of serving the original population. Overhead expenses do not increase in direct proportion with enrollment increases even though some cost increases may be incurred. Using data from the most recent cost study of Illinois community colleges, the marginal cost of new enrollments has been estimated for the purposes of these projections at 70 percent of average cost. This percentage of average cost provides support for all direct instructional expenses, student services, and operations and maintenance of the physical plant, while excluding general administrative expenses and other relatively fixed costs.

Data Base for Costs

The cost base used for these projections is the sum of:

1. State appropriations recommended by IBHE for operations in community colleges in FY1976. Appropriations to State

Community College of East St. Louis, Illinois Building Authority rentals and ICCB office operations are excluded. Appropriations for retirement expenses are included.

2. Estimated vocational/technical grants for operations through the Division of Vocational and Technical Education. Approximately 50 percent of funds from this source are federal.

3. Total tuition revenue estimated by IBHE for community colleges for FY1976.

4. Local tax revenue for community colleges in FY1976 as estimated by the IBHE.

5. Other miscellaneous and Federal revenues, approximately $3.0 million.

Revenues for Operations

State Revenue

State revenue for community college operations (including Division of Vocational/Technical Education funding) was assumed to grow at exactly the rate of inflation. The primary sources of the general revenue fund are the sales tax and the income tax, both revenues which grow at a rate close to the rate of inflation. (Real growth in the economy also contributes to growth in state revenues, but since there is some loss in real state revenue when inflation is high, it was assumed that revenue from real growth would merely cover this loss.) This assumption precludes, of course, any major changes in the state tax rates and, for the purpose of the basic projection, any increase in the share of total state revenue committed to community colleges. There may be possible changes in state revenue projections due to committee recommendations made in Chapter VI.

Local Revenues

In view of recent changes in public policy regarding property taxes, projecting local tax revenues for community colleges is particularly difficult. For the purpose of projection it was assumed that no

increases in the tax rate will be approved by referenda. This assumption requires that any increase in local tax revenues will come through growth in the total assessed valuation of the property tax base. There may be possible changes in local tax revenue projections due to committee recommendations made in Chapter VI.

The total assessed value of taxable property in Illinois grew 14.6 percent from 1968 to 1971, only slightly behind the rate of inflation. However, from 1971 to 1973 (after the state income tax was introduced) assessed valuation grew 1.75 percent while the general inflationary growth was 7.5 percent. The lagging rate of growth of assessed valuation may be attributed in part to the removal of personal property from the tax rolls in FY1972, but the failure of assessed valuations to increase substantially in FY1973 suggests that real growth plus inflation in real estate is slower than the general rate of inflation, and/or that local assessment practices are adjusting only partially for inflationary growth in real estate values. Moreover, the general unpopularity of the property tax suggests that aggressive efforts to increase assessments to 50 percent of fair market value statewide are unlikely in the near future.

In view of such factors, these projections show property tax revenues growing at one half the rate of general inflation. This rate is the one which seems most plausible after reviewing the current trends and discussing property tax revenues with analysts in the Bureau of the Budget and the Department of Local Government Affairs.

Tuition Revenue

For the purpose of projection, tuition revenues were assumed to increase at the general rate of inflation used in each projection. In effect, this means that tuition revenues will keep pace both with inflation

and growing enrollments. Although the tables do not explicitly acknowledge it, the state actually funds a portion of any tuition increase through the Illinois State Scholarship Commission (ISSC). The funds provided by ISSC to public community colleges over the past several years are shown in Table 6.

Other Revenues

Federal Revenues and other miscellaneous revenues account for between one and two percent of total community college revenues for operations. A sound basis for predicting revenues in this category is not apparent; hence, for the purpose of projecting revenues they have been assumed to remain at approximately $3.0 million per year.

The Cost-Revenue Imbalance

In the projections in Tables 7 and 8 the total cost anticipated for the operation of community colleges exceeds projected revenues if state support grows only at the rate of inflation. This revenue shortfall (the difference between anticipated costs and revenues) exists primarily because revenues from local taxes increase at a rate slower than the general rate of inflation. Moreover, since the projection assumes that state revenue for community colleges increases only at the rate of inflation (thereby holding support for community colleges at a fixed percentage of all state revenues), neither state revenues nor local tax revenues increase with enrollment growth.

The projected revenue shortfalls during Fiscal Years 1977 to 1980 are identified in Tables 7 and 8. These data suggest the need for a state policy which is responsive both to enrollment growth and the failure of local revenues to keep pace with inflation and which also provides an inducement to operate more efficiently. The committee recommendations and proposed financing plan contain additional discussion on this subject.

Table 6

ISSC Awards to Illinois Community College Students

(dollars in thousands)

Fiscal Year	Dollar Value of Awards
1970	$ 1,308.5
1971	2,700.8
1972	4,198.9
1973	5,624.1
1974	5,898.0[1]
1975	6,461.0[1]
1976	10,270.0[1]

[1]Estimated by Illinois State Scholarship Commission.

Table 7 Cost-Revenue Projections for Illinois Community Colleges, FY1976 to FY1980 Assuming an Inflationary Rate of 6%

	FY1976	FY1977	FY1978	FY1979	FY1980
FTE Enrollment	131,000	134,000	137,500	141,000	145,000
Cost per FTE (1)	1,827.10	1,923.70	2,023.6	2,129.0	2,238.10
Total Cost	$239,350.6	$257,778.8	$278,241.4	$300,190.9	$324,521.5
State Revenues (including DVTE and retirement) (2)	$108,677.0	$115,197.6	$122,109.5	$129,436.0	$137,202.2
Local Tax Revenue (3)	87,373.6	89,994.8	92,694.7	95,475.5	98,339.8
Tuition Revenue (4)	40,300.0	43,696.3	47,527.9	51,661.9	56,315.1
Other Revenue	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Total Revenue	$239,350.6	$251,888.7	$265,332.1	$279,573.4	$294,857.1
Less Total Cost	$239,350.6	$257,778.8	$278,241.4	$300,191.2	$324,521.5
Revenue Shortfall	$ 0.0	$ 5,890.1	$ 12,909.3	$ 20,617.8	$ 29,664.4

(1) Adjusted to reflect inflation and marginal cost savings for new enrollments. Cost per FTE, unlike other dollar figures on this table, is not in thousands.

(2) From IBHE FY1976 Budget Recommendations, inflated 6% annually.

(3) Inflated 3% annually.

(4) The tuition rate per FTES for FY1976 (estimated at $307.60) is inflated 6% annually. Tuition revenue is calculated by multiplying the inflated rate by the FTE enrollment projected.

Table 8 : Cost-Revenue Projections for Illinois Community Colleges, FY1976 to FY1980
Assuming an Inflationary Rate of 9%

	FY1976	FY1977	FY1978	FY1979	FY1980
FTE Enrollment	131,000	134,000	137,500	141,000	145,000
Cost per FTE (1)	1,827.0	1,978.2	2,139.7	2,314.9	2,502.4
Total Cost	$239,350.6	$265,074.2	$294,213.7	$326,407.0	$362,848.7
State Revenues (including DVTE and retirement) (2)	$108,677.0	$118,457.9	$129,119.1	$140,739.9	$153,406.5
Local Tax Revenue (3)	87,373.6	91,305.4	95,414.2	99,707.8	104,194.6
Tuition Revenue (4)	40,300.0	44,933.0	50,256.2	56,173.6	62,966.3
Other Revenue	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Total Revenue	$239,350.6	$257,696.3	$277,789.5	$299,621.3	$323,567.4
Less Total Cost	$239,350.6	$265,074.2	$294,213.7	$326,407.0	$362,848.7
Revenue Shortfall	$ 0.0	$ 7,377.9	$ 16,424.2	$ 26,785.7	$ 39,281.3

(1) Adjusted to reflect inflation and marginal cost savings for new enrollments. Cost per FTE, unlike other dollar figures on this table, is not in thousands.

(2) From IBHE FY1976 Budget Recommendations, inflated 9% annually.

(3) Inflated 4.5% annually.

(4) The tuition rate per FTES for FY1976 (estimated at $307.60) is inflated 9% annually. Tuition revenue is calculated by multiplying the inflated rate by the FTE enrollment projected.

Capital Improvements

The needs for community college capital improvements are dependent upon enrollments and special program needs. State, local, and federal funds have provided over $440 million worth of capital improvements for Illinois public community colleges. An additional $41.6 million of state funds for FY1976 capital improvements have been recommended by IBHE. This includes the basic IBHE recommendation of $32.8 million made in January plus a supplementary recommendation of $8.8 million if an accelerated capital construction program is undertaken.

The ICCB recommended $67.6 million ($70 million including equipment which has never had state funding) of capital improvements that had total or partial projected enrollment and programmatic justification. In addition the Loop College project was listed with no dollar amount. If state funds estimated between $30 and $45 million are included for Loop College (this was included in the Governor's proposed accelerated capital construction program) the total capital improvement needs in terms of state dollars for enrollments projected beyond Fall 1977 is approximately $100 to $115 million. The following table, Table 9, lists the projects recommended by the ICCB. Category IV in the list is for moveable equipment which has not been funded previously and Category VI is for new projects having only partial justification in terms of enrollment and/or program needs. It is assumed that most projects in this latter category will not be justified until sometime after the Fall of 1977.

If the General Assembly and Governor approve the IBHE recommended capital improvement budget for community colleges it would appear that appropriations for community college buildings will not be too far behind building needs. Since full-time day enrollments are increasing in only a few of the colleges (and actually decreasing in other colleges) the need

Table 9

Capital Projects Recommended by the Illinois Community College Board for FY1976
(Listed in Priority Order)

District	Community College	Project Description	Federal Share	State Share	Local Share
Category I - Projects Having Fall, 1974 Enrollment Justification and Consisting of High Priority New Space					
535	Oakton Community College	Phase I - Basic Facilities (including land, etc.)	$ -	$11,147,700	$ 3,715,900
537	Community College of Decatur	Planning - Site, Master Plan, Phase I	-	100,000	-
508	City Colleges of Chicago-Loop College	(TO BE DETERMINED)			
503	Black Hawk College East	Phase I - Basic Facilities	-	3,394,279	1,131,427
504	Triton College	Vocational/echnical, Community Services Building-Reimbursement for Vocational/Technical	-	7,375,532	2,458,511
507	Danville Junior College	LRC, Science Laboratories, Tenovation	-	2,200,000	733,333
502	College of DuPage	LRC - Phase I	1,000,000	4,625,000	1,875,000
529	Illinois Eastern Community Colleges-Wabash Valley College	Reimbursement for Vocational/Technical Building	-	744,316	248,105
536	Lewis and Clark Community College	Reimbursement for Vocational/Technical Building, New Boiler	-	530,737	573,613
512	William Rainey Harper College	Funds to Complete Vocational/Technical Buildings (2)	-	522,718	174,156
502	College of DuPage	Funds to Complete Fourth Floor of Main Classroom Building	-	614,400	132,613
Category II - Projects Having Projected Fall, 1977 Enrollment Justification and Consisting of High Priority New Space					
536	Lewis and Clark Community College	Vocational/Technical, Classroom Building - Phase I	-	2,480,161	826,720
512	William Rainey Harper College	Classroom, Vocational/Technical Buildings (2)	-	3,750,000	1,250,000
517	Lake Land College	Classroom, Laboratory, Student Services Building	-	1,902,783	634,261
Category III - Projects Having Fall, 1974 Enrollment Justification and Consisting of Lower Priority Space					
522	Belleville Area College	Physical Education Building	-	2,764,200	921,400
504	Triton College	Physical Education (portion of building)	-	1,258,762	419,587
Category IV - Movable Equipment for Capital Development Board Projects Under Construction					
527	Morton College	Movable Equipment	-	1,237,000	412,500
534	Spoon River	Movable Equipment	-	178,500	59,500
508	City Colleges of Chicago-Northeast College	Movable Equipment	-	1,935,900	645,300
Category V - Reimbursement for Deficiencies in Funding Existing Space - Enrollment and/or Programmatic Justification					
530	John A. Logan College	Reimbursement for Phase I Deficiency	-	172,928	-
533	Southeast Illinois College	Reimbursement for Phase I Deficiency	-	30,798	-
525	Joliet Junior College	Reimbursement for Phase IA Deficiency	-	224,268	-
Category VI - New Projects Having Partial Projected Enrollment and/or Programmatic Justification					
514	Illinois Central College	Vocational/Technical Building	-	2,182,320	727,440
532	College of Lake County	LRC	-	2,880,800	960,200
505	Parkland College	Classroom Building	422,683	566,867	329,850
536	Lewis and Clark Community College	Vocational/Technical, Classroom Building Phase II	-	3,720,240	1,240,080
502	College of DuPage	LRC - Phase II	-	4,715,000	1,572,000
601	State Community College of East St. Louis	Vocational/Technical, Physical Education Building	-	2,000,000	-
535	Oakton Community College	Phase II	-	6,744,300	2,248,100
	TOTAL		$1,422,683	$69,999,509	$23,289,596

for capital improvements might be expected to decrease. Table 10 shows additional projects requested by community colleges in the amount of $82 million in state funds that the ICCB deferred until FY1977 or later. Many of these projects, perhaps one-third or more, will not have enrollment justification based on present enrollment projections until 1980 or later.

Representatives of the community colleges have been unanimous in their criticism of capital planning and construction after appropriations have been made. Long delays have substantially increased construction costs. The committee has indicated that although this is a serious problem, it should be dealt with apart from the method of financing community college capital improvements.

Table 10

Projects Recommended for Deferral by the Illinois Community College Board Until FY1977 or Thereafter
(Listed in District Numerical Order)

District	Community College	Project Description	State/ Federal Share	Local Share
504	Triton College	Center for Performing Arts	$10,640,067	$ 3,546,689
505	Parkland College	Administrative Division Office	574,125	191,375
508	City Colleges of Chicago- Malcolm X College	Land, Parking, etc.-Reimbursement	3,101,823	1,033,941
	Southwest College	Land-Reimbursement	375,000	125,000
509	Elgin Community College	Vocational/Technical Building	5,082,719	1,694,216
512	William Rainey Harper College	Buildings J and M	3,075,000	1,025,000
		Athletic Fields and Lighting-Reimbursement	404,001	134,667
		Present Site (106 Acres)-Reimbursement	622,326	207,442
		Buildings T and U-Reimbursement	315,000	105,000
		Buildings K, L, J, Q, N, O, R and S, Site II	1,687,500	562,500
514	Illinois Central College	Performing Arts Building, Site Work	2,118,930	706,310
517	Lake Land College	Parking Lot-Reimbursement	199,687	66,563
		Water Storage and Fire Loop-Reimbursement	150,000	50,000
		Sewer and Water-Reimbursement	31,608	10,536
		Land-Reimbursement	235,312	78,438
		Equipment-Reimbursement	98,454	32,818
518	Carl Sandburg College	Classroom-Fine Arts Building	1,572,225	524,075
523	Kishwaukee College	Science Building	1,940,000	647,000
		Auto Mechanics Shop	456,000	152,000
		Sewage Treatment Plant-Reimbursement	63,000	21,000
524	Moraine Valley Community College	Funds to Complete Phase IIA	1,686,070	562,023
		Funds to Complete Phase IA	497,732	166,244
		Funds to Complete Phase IB	917,000	306,000
		Fine Arts Building	1,978,000	658,000
526	Lincoln Land Community College	Vocational/Technical Building	1,549,061	516,353
		Classroom Building	981,164	327,055
527	Morton College	Land-Reimbursement	437,766	145,922
		A/E, etc.-Reimbursement	331,193	110,398
528	McHenry County College	Phase II	4,725,000	2,396,000
530	John A. Logan College	Phase II	3,358,561	1,119,521
532	College of Lake County	College Center-Student Services Building	3,302,400	1,100,800
		Fine Arts Building	802,200	267,300
		Instructional Module	4,611,500	1,537,000
534	Spoon River College	Funds to Complete Phase IIA	427,500	142,500
		Convocation and Fine Arts Building	2,215,260	738,420
537	Community College of Decatur	Phase I	4,516,645	1,748,595
601	State Community College of East St. Louis	Remainder of Phase II	7,055,583	-
	Total		$82,109,680	$26,081,457

VI. PLAN FOR FUNDING COMMUNITY COLLEGE OPERATIONS

The committee held ten meetings (two on community college campuses) to discuss public community college financing. Consultants from other states made presentations, a number of public hearings were held, and many community college representatives made recommendations. At the committee meetings interested persons attending the meetings were given opportunity to advise and comment. The chairman and some members of the committee made a number of visits to community college campuses. The chairman also met with local trustees, community college presidents and other representatives of the community colleges. Summaries of finance plans from selected states and suggested finance plans by community college groups are contained in Appendices B and C respectively.

The plan being proposed by the committee has elements in it from many other plans and suggestions. It includes elements of proposed foundation plans, variable rate funding plans, and the current plan. The current plan was evaluated along with other suggested plans. The number of state funded instructional categories in the current plan is expanded from two to eight. The number of special grants is reduced from four to two and recommendations are made to reduce the state approval process and administration of public service and disadvantaged project grants.

The committee staff presented data (a great amount provided by the ICCB) and background papers on a series of topics related to community college finance. The ICCB staff and other community college officials and finance experts were consulted in the preparation of the proposed financing plan.

Criteria for Developing a Financing Plan

After listening to the advice and suggestions of the many groups and individuals interested in community college financing, the committee spent considerable time discussing criteria for developing a financing plan. The list of accepted criteria follows:

1. The community colleges have the following six basic missions:

   a. Provide baccalaureate education programs.
   b. Provide career education programs.
   c. Provide general studies programs.
   d. Provide community education programs.
   e. Provide public service activities of an educational nature.
   f. Provide student support services.

2. Provisions should be made for funding all missions.

3. Some missions are implemented in a similar manner throughout the state and are better adapted to state funding. Others are uniquely oriented to local communities and vary widely in content from district to district and are better adapted to local funding. Provisions should be made for local funds to support these activities.

4. Credit hour grants to community college districts should be based upon statewide average cost standards, rather than the actual expenses of each district. There should be differential cost standards for baccalaureate, occupational and general studies programs.

5. Local control of community colleges should be preserved.

6. Any proposed plan should address problems caused by relatively weak tax bases and the higher costs of educating disadvantaged students.

7. Some government body with a tax base relatively responsive to inflation should pay the bulk of rising costs generated by inflation. It would be desirable to have the local tax base changed so it would be more responsive to inflation, or to total money income in a district.

8. The establishment of a foundation real estate tax rate with provisions for a backdoor referendum should be considered as a means of providing needed local tax support for community college operations. (A tax rate of 17½ cents for the educational fund and 5 cents for the building and maintenance fund is provided for the districts in Chicago and Adams-Pike counties.)

9. To determine the percent of state and local support the Illinois State Scholarship Commission (ISSC) grants should be considered as state contributions to students (not college operations) and state contributions to the State University Retirement System should be considered state aid to community colleges' operations.

10. Fundamental to the successful implementation of any funding formula is equalization of tax assessment practices in accordance with existing or amended state laws. Statewide average assessments should be used in all funding calculations.

11. The level of tuition and fees should be a local district option, up to the statutory limitation (presently 1/3 of instructional costs).

12. There should be a sufficient number of levels of funding so that local districts are not given undue incentives to avoid needed higher cost programs nor incentives to over-produce in lower cost programs.

Recommended Plan for Funding Operations

The following pages outline a plan for financing Illinois public community college operations based upon the preceding criteria. The committee believes that appropriate means for the measurement of economy, efficiency, and effectiveness of community college districts and their educational programs should be established so that quality education may be delivered at the lowest possible cost. The committee wishes to

emphasize this statement as it relates to the specific recommendations that follow.

Flat Grant Funding

Seven categories of instruction are recommended for variable flat grant funding at 100 percent of the differential cost between statewide average costs for each category and a standard local contribution. The seven categories are: baccalaureate; business, public service and personal services; data processing and commerce technologies; natural science and industrial technologies; health professions; review of vocational skills; and remedial/developmental general studies.

The eighth category, the remaining general studies programs, is recommended for state funding of 50 percent of the differential cost with special provisions made for local funding of the remaining 50 percent.

A ninth category including community education, public service, and research activities, is recommended for no direct state funding but special provisions are made for local funding.

The steps necessary to calculate the variable flat grant rates are:

1. The average costs of instruction in each category (less an adjustment for state aid through special grant programs) are estimated, using the latest available costs and adjusting for anticipated enrollment levels, inflationary price increases, marginal cost savings and other productivity savings.

2. The standard local contribution, or average local funding per credit hour, is calculated by dividing the aggregate number of credit hours projected in all eight categories into the total resources anticipated from tuition and fees, local taxes not designated for other activities and other local resources. The local tax

designated for other activities is a one cent tax rate (per $100 EAV) which is reserved to finance 50 percent of the eighth category, plus all of the ninth category. Therefore, it is not calculated as a part of the standard local contribution. See page 47 for an example.

3. The level of state funding per credit hour in each of the first seven instructional categories would be determined by subtracting the standard local contribution amount as calculated in step 2 above from the estimated average cost per credit hour of instruction in each category (step 1).

4. In the eighth category the state flat rate grant per credit hour would equal one-half the difference between the estimated cost of instruction and the standard local contribution amount. One cent of local tax rate (per $100 EAV) is effectively designated for this and other purposes by establishing the standard local contribution calculation to be made on one cent less than the median rate.

The procedures suggested for calculating average costs are very much like the procedures used by the IBHE staff in determining its community college budget recommendations for FY76. The procedures suggested for calculating the standard local contribution are similar to past procedures used by both the ICCB staff and the IBHE staff in calculating the local contribution in the equalization formula. Certain data concerning community colleges are not currently used, but will be required by the proposed funding plan. These data are now available through the newly developed ICCB management information system. This plan does place emphasis on cost study data. Efforts are now under way by the ICCB staff, the IBHE staff, and college representatives to review, up-date, and refine the community college unit cost study. The proposed financing plan suggests that these efforts be given high priority. However, it should be noted that reliable

cost study data is essential as a basis for any financing plan that might be adopted.

Table 11 shows on a statewide basis a comparison of funding under the proposed plan and the IBHE budget recommendations for FY76. Table 12 shows the same comparison, district by district, with equalization and disadvantaged student grants omitted. Estimates of special grants are in Table 13. Appendix A contains additional data related to the proposed plan. It should be emphasized that these are projections. By the time a plan is adopted (hopefully by FY1977) the amount of state funding to a particular district will be considerably different than the amounts shown on these tables. Again, this would be true for any plan.

State funding for credit hour production with the rate dependent upon other factors such as inflation, local taxes, tuition, marginal cost savings, and productivity increases is difficult to predict. None of these factors is constant. Chapter V contains projections of costs based on 6 and 9 percent inflation rates for community college operations through 1980. The committee recommendations, if adopted, will have some effect upon these projections. The revenue shortfall (imbalance between cost and revenue) projected will be borne primarily by increases in state aid and increases in productivity. If a foundation tax rate is adopted and/or the local tax base can be changed by new taxes or revenue sharing the amount of the shortfall would be reduced.

Special Funding Grants

Two categories of special grant funding are included in the proposed plan: equalization funding and funding for the educationally disadvantaged. Equalization. The equalization funding plan is similar to the current equalization program in that: 1) It is based upon equalized assessed

Table 11

SUMMARY COMPARISON OF PROPOSED FUNDING PLAN
WITH IBHE FY76 RECOMMENDATIONS

	Proposed Funding Plan			IBHE FY76 Recommendations	
	No. of Credit Hours	Cr. Hr. Grants	Total (000)	Cr. Hr. Grants	Total (000)
Baccalaureate	2,149,820	23.20	49,876.0	21.70	
Business and Public Service	558,853	21.40[1]	11,959.5	21.70[2]	
Non-Business Occupational				27.50[2]	
Data Processing & Commerce Technologies	132,370	32.90[1]	4,355.0		
Natural Science & Industrial Technologies	293,223	39.50[1]	11,582.3		
Health Professions	199,609	50.30[1]	10,040.3		
General Studies				21.70	
Review of Vocational Skills	120,351	18.50	2,226.5		
Remedial/Developmental	368,035	16.30	5,999.0		
Other General Studies	109,650	10.45	1,145.8		
Total Instructional Grants			97,184.4		96,627.0
Special Grants					
Equalization			5,300.0		3,100.0
Disadvantaged			4,000.0		2,600.0
Public Service			---		750.0
Instruction at Correctional Institutions			---		125.0
Retirement			4,500.0		4,500.0
TOTAL ALL GRANTS			110,984.4		107,702.0
		Percent of total Operating Costs	46.6		45.0

[1]The recommended rates are for total rates for state aid including funds received from the Division of Vocational/Technical Education (DVTE).

[2]The rates recommended by the IBHE for FY1976 exclude funds from DVTE; however, the total projected revenue from DVTE was included in the calculations. It should also be noted that Personal Service and Public Service credit hours (cosmetology, training of firemen, policemen, etc.) were included in the non-business occupational category in the IBHE FY1976 recommendations but in the proposed plan these credit hours are removed from the non-business to the business occupational category.

Table 12

DISTRICT COMPARISON OF PROPOSED PLAN WITH FY1976 IBHE RECOMMENDATIONS (Excluding Special Grants)

DISTRICT	PROJECTED FY1976 FTES	IBHE FUNDING RECOMMENDATIONS	PROPOSED PLAN	DIFFERENCE	ADJUSTED TO INCLUDE DVTE FUNDING
1	1212.	855502.	1023833.	168331.	53696.
2	7572.	5196389.	5652370.	455981.	147680.
3	4661.	3213395.	3408963.	195568.	-54682.
4	7852.	5488223.	6195679.	707456.	211004.
5	3521.	2445208.	2825131.	379923.	242738.
6	1498.	1048489.	1175338.	126849.	56973.
7	1904.	1319358.	1459657.	140299.	7196.
8	36498.	24688848.	24742096.	53248.	-1646319.
9	2095.	1452664.	1679017.	226353.	75681.
10	3374.	2310500.	2553073.	242573.	77371.
11	3236.	2217794.	2468170.	250376.	76703.
12	5711.	3945767.	4481387.	535620.	205125.
13	2053.	1414867.	1606132.	191265.	97590.
14	5104.	3528853.	3915831.	386978.	83179.
15	2330.	1628111.	1828264.	200153.	54506.
16	2293.	1566192.	1680929.	114737.	22972.
17	2323.	1638961.	1882491.	243530.	70607.
18	1180.	835735.	982016.	146281.	46449.
19	992.	679745.	775470.	95725.	36623.
20	1466.	1007715.	1103353.	95638.	-5328.
21	1037.	724893.	832023.	107130.	33752.
22	3759.	2578490.	2830918.	252428.	3963.
23	1285.	904713.	1058793.	154080.	59808.
24	3904.	2663452.	2809427.	145975.	-27329.
25	3827.	2644182.	2869640.	225458.	110151.
26	2321.	1586107.	1752085.	165978.	49247.
27	1322.	906711.	1015757.	109046.	35807.
28	982.	674842.	728755.	53913.	29661.
29	2911.	2010111.	2161021.	150910.	-89850.
30	1350.	912112.	973511.	61399.	-6043.
31	1089.	773373.	853562.	80190.	-5812.
32	3206.	2223712.	2498287.	274575.	115601.
33	616.	435423.	525616.	90193.	30015.
34	698.	492642.	579848.	87207.	32643.
35	2827.	1909398.	1977338.	67940.	-4269.
36	2018.	1394625.	1533416.	138791.	27928.
37	1034.	696203.	745338.	49135.	32730.
TOTAL	131064.	90013056.	97184272.	7171226.	

Table 13

DISADVANTAGED GRANTS AND EQUALIZATION FUNDING AT RATE OF .00170 AND AMOUNT OF $655 USING 40% EAV
(All grants estimated on an in-district FTE basis)

DISTRICT	FALL 74 FTE	PROJECTED FY76 FTE	EAV/FTE	AMOUNT PER FTE@ 0.00170	EQUALIZATION GRANT PER FTE	DISADVANTAGED GRANT PER FTE	TOTAL SPECIAL GRANTS
1	1049.	1243.	383150.	651.35	3.65	16.	20870.
2	6650.	6783.	426755.	725.48	0.0	12.	79120.
3	3563.	3630.	300649.	511.10	143.90	28.	623421.
4	6229.	6670.	298921.	508.17	146.83	15.	1071030.
5	2696.	2875.	465269.	790.96	0.0	21.	55900.
6	1220.	1288.	409289.	695.79	0.0	66.	80840.
7	1314.	1589.	329885.	560.80	94.20	42.	204694.
8	31389.	34386.	366132.	622.42	32.58	77.	3552227.
9	1758.	1878.	438378.	745.24	0.0	8.	14620.
10	2720.	3258.	305706.	519.70	135.30	6.	458454.
11	2790.	3137.	434364.	738.42	0.0	30.	84280.
12	4383.	4992.	425520.	723.38	0.0	24.	104920.
13	1779.	1935.	479358.	814.91	0.0	1.	2150.
14	3978.	4787.	415087.	705.65	0.0	11.	44290.
15	1897.	2179.	347702.	591.09	63.91	17.	171963.
16	1793.	2105.	472909.	803.94	0.0	19.	34400.
17	1794.	1923.	463100.	787.27	0.0	18.	32680.
18	937.	985.	624973.	1062.45	0.0	11.	10750.
19	866.	987.	379279.	644.77	10.23	48.	51368.
20	1052.	1324.	516574.	878.17	0.0	20.	21070.
21	866.	931.	307549.	522.83	132.17	22.	142456.
22	3228.	3744.	341172.	579.99	75.01	2.	287694.
23	1061.	1187.	365514.	621.37	33.63	26.	67442.
24	3375.	3726.	346717.	589.42	65.58	14.	290385.
25	2790.	3376.	623057.	1059.20	0.0	7.	20640.
26	1927.	2385.	669953.	1138.92	0.0	29.	55040.
27	1137.	1421.	376521.	640.09	14.91	2.	22912.
28	799.	996.	765593.	1301.51	0.0	17.	13330.
29	2528.	2644.	184564.	313.76	341.24	58.	1048540.
30	1166.	1327.	299066.	508.41	146.59	7.	202685.
31	641.	822.	294887.	501.31	153.69	27.	144011.
32	2566.	2870.	537484.	913.72	0.0	20.	51170.
33	532.	697.	358364.	609.22	45.78	10.	37072.
34	509.	640.	612064.	1040.51	0.0	5.	2580.
35	1690.	2289.	884792.	1504.15	0.0	9.	14620.
36	1704.	1982.	493935.	839.69	0.0	32.	54610.
37	901.	993.	697428.	1185.63	0.0	12.	11180.
					TOTAL SPECIAL GRANTS		9185379.

valuations and in-district enrollment and 2) It provides special assistance to districts whose tax base is insufficient to provide the determined level of local support. However, it differs from the existing plan in several respects.

First, although it is recognized that inequities exist in actual assessment practices in Illinois, the committee's view is that these inequities should be eliminated. The equalization funding plan for community colleges should use assessments which are fully equalized.

Statewide average assessments as determined by the Department of Local Government Affairs, or its successor, should be used in all funding calculations. A 40 percent figure was used in the calculation example for equalization funding in the proposed plan. Second, the proposed equalization plan would be based upon annualized state funded credit hours (all credit hours in the first seven instructional categories and 50 percent of the credit hours in the eighth category) and a prescribed local instructional cost level which differs from that currently in use.

Third, the qualifying tax rate is determined by the median statewide tax rate minus one cent.

Applying the proposed equalization procedures to FY76 funding results in the following calculations:

	Cr. Hr.	FTE
1. total standard local contribution	$32.00	$960.00
2. minus mean statewide tuition and fees	10.25	307.50
3. standard local tax contribution	$21.75	$652.50*

*Rounded to $655.

4. If a local district raises less than the standard local tax contribution ($655 per FTE student for FY76 calculations) when the adjusted statewide median tax rate is multiplied by the assessed valuation (adjusted to 40 percent of market value) the difference is the amount of the equalization grant. Under the proposed plan the total state grants for equalization would be approximately $5,300,000 for FY76, using an adjusted median tax rate of 17¢ per $100 EAV (median of 18¢ minus one cent).

Educationally Disadvantaged Student Grants. The education of educationally disadvantaged students requires significantly greater expense than is normally incurred in regular classroom activities. Some recognition of these expenses is provided in the basic grants recommended for remedial and developmental courses. However, additional funds are needed for tutoring, counseling, and other supportive services. A flat grant per educationally disadvantaged FTE student is recommended to provide such funds. In the FY76 example $200 per FTE is used.

The best information currently available suggests that approximately 15 percent of community college students are disadvantaged. (Approximately $4.0 million would be required in FY1976 to meet the $200 grant level.) It is recommended that the ICCB and IBHE staffs work to develop an improved definition for educationally disadvantaged students. The following range of services should be included in meeting the needs of these students:

Special courses and programs prior to the first year to prepare students for admission;

Counseling services which emphasize facilitating the students' adjustment and develop their academic skills and attitudes;

Tutoring both in proper methods and habits of study and in specific courses and course content;

Special non-credit remedial courses, both in addition to and in place of regular courses;

New curricular programs tailored to meet the needs of students.

Other Grants. The proposed funding model makes special provision for funding community education, research and public service at the local level. These activities vary greatly from district to district. It is important that the local college be able to assess its own unique community needs and respond quickly to meet those needs. This can be expedited by removing requirements for state approval from such local activities. The proposed plan removes state control and state funding but provides for additional local tax money, as well as tuition and fees and other revenue, through a one cent (per $100 EAV) tax rate which is, in effect, set aside for such purposes by its omission from the "standard local contribution" calculation. Reporting is required in order to validate the inclusion of adequate programs in these areas as required by the Community College Act.

Public service and community education activities expenditures are estimated at approximately $3.2 million for FY76. An estimated $1.1 million in additional local taxes will be needed in FY76 to fund this non-remedial non-developmental general studies category of instruction. The one cent tax rate will provide over $4.8 million and additional revenue can also be expected from fees and other sources.

Funds for instructional programs at correctional institutions were not included since these funds were originally intended to provide only those funds not available through regular flat grants and Illinois State Correctional Department Funds. It seems more appropriate that funds needed for such instruction in excess of flat grants should be provided by the Department of Correction.

An adjustment for the higher commuting costs incurred by students in sparsely populated districts was considered as a component of the equalization plan. It was decided to defer a decision in this area until the direction of federal policy regarding the funding of basic educational opportunity grants is more clear. The federal program may provide some relief to students commuting from sparsely populated districts.

Proposed Plan Compared to Criteria

The criteria listed in the first part of this chapter are summarized below in the left hand column. Opposite each criterion are comments on how the criterion has been recognized in the proposed financing plan.

Criteria	Comments
1. Six missions are recognized:	
Baccalaureate	provided for by state & local funds
career (vocational/technical)	provided for by state & local funds
general studies	provided for by state & local funds; less state money provided for part but additional local funds provided
community education	additional local funds provided
public service	additional local funds provided
student support services	provided for in instructional and special grants with local & state funds
2,3. **Provisions** should be made for funding all missions.	
occupational	state funded }
baccalaureate	state funded } at 100% of differential costs
general studies remedial & review of vocational skills	state funded }
other general studies	state funded at 50% of differential cost, plus additional local funds provided.
comm.ed. & public service	no state funds but additional local funds provided
4. Credit hour grants should be based on standards not actual costs	Total projected costs upon which the credit hour grants were based were statewide average costs adjusted for marginal cost savings for enrollment increases and some increase in productivity.

Criteria	Comments
5. Preserve local control	Additional funding categories have been added which could be interpreted as some loss in local control; however it should be noted that all categories call for the same amount of local funds. This has not been the case previously so a college is actually able to offer any needed program. There are no recommendations for institutional allocations of state funds received. In addition, local control is increased by the recommendation for no state approval for community education and public service activities and limited approval for disadvantaged student grant funds.
6. Include equalization	An increase in equalization is recommended.
7. A government body with tax base responsive to inflation should pay bulk of rising costs	The state with such a tax base would pay most of rising cost in proposed plan; however, there are recommendations to change the local tax base to make it more responsive to inflation.
8. A permissive tax base with back-door referendum is recommended	A permissive tax rate will allow local districts more opportunity to meet the local tax contribution calculated in the formula.
9. ISSC awards are state aid to students	ISSC awards are not included in calculation of projected state contributions to the costs of college operations.
10. Retirement funding is a state contribution to the cost of college operations.	Retirement contributions are included in calculations of total projected college costs.
11. The funding formula should include tax assessment practices applied equitably throughout the state	The equalization formula is based on equalized tax assessments. The 40% level was used in calculating the FY1976 example of the proposed financing plan.

Criteria	Comments
12. Tuition and fees should be a local district option up to the statutory limit (1/3 of instructional costs)	No mandatory tuition and fee recommendation is made. The proposed plan does call for the recognition of tuition and fees in the calculation of state aid but additional local tax funds may be used in lieu of a part or all such tuition and fees. A tuition and fee amount larger than suggested in the calculation may also be charged.
13. There should be sufficient levels of funding so there are no undue incentives to avoid needed high cost or to overproduce low cost programs	Eight categories are recommended for funding. The plan calls for local districts to provide by tuition, fees and taxes a standard contribution for each credit hour in all categories. ($32.00 in the FY1976 example.) Since the remaining cost in seven categories is funded by the state there is no financial incentive to either overproduce or under-produce in those categories. In the eighth category, 50% of the remaining cost is paid by the state and additional local tax funds are provided. This reduces the incentive to over-produce in this category but provides sufficient funds to meet unique community needs.

Other Concerns and Comments

During the several months the committee spent studying the community college financing problem a great number of concerns were expressed about the financing problem by persons making presentations to the committee as well as committee members themselves. A number of these concerns have been addressed in the previous few pages through the discussion of the criteria adopted for the development of a financing plan and the resulting plan and recommendations. Other concerns and comments that have not been previously discussed or that the committee feels should have additional attention follow.

1. Concern--The state should be providing revenue for 50 percent of the operating costs of the community colleges.

Comments--In the calculations provided in the example of the proposed plan for FY1976 the state would be paying 46.2 percent of the costs.[1] If this plan is adopted in FY1977 the percent of state funding would be approximately 50 percent and by FY1978 the state share could well surpass the 50 percent mark.

2. Concern--There should be sufficient controls on expenditures to prohibit an unnecessary drain on state dollars and state taxpayers.

Comments--The committee addressed this problem primarily by the recommendation that some programs should be funded more heavily by the state with provisions made for adequate local funds to finance other programs.

Other controls contained within the plan include the recommendation to adjust the average costs for inflation, marginal costs, and productivity increases. Thus, as economic conditions change and as results of studies on efficiency and productivity indicate, there will be changes in the calculation of adjusted average costs.

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[1]Where 100 percent of the costs is defined to include only operating expenses in locally governed districts and retirement costs. This definition excludes $14.4 million of state appropriations for ICCB operations, ISSC awards to community college students, and State Community College at East St. Louis. The $12.6 million in IBA rentals is also excluded since it is debt service on capital construction.

3. Concern--Some important missions of the college in the area of community education and public service may indeed disappear if the state does not commit dollars to such programs.

Comments--Provisions are included in the plan for additional local resources for these activities. It should be noted that it is possible that such activities might disappear from the colleges if the local commitment to such activities ceases. In fact, in many instances it has even been left the commitment of the state (in a few cases there has been almost zero commitment in terms of local dollars). With provision for local resources to fund these activities and with the recommendation that there need be no state approval, the local districts will be in a much improved situation to meet the unique needs of their community in these areas.

4. Concern--Many times programs and activities are continued that are either unnecessary or most inefficient.

Comments--The committee has addressed this problem at least in part by recommending a more thorough review proerdure of existing as well as new programs. It has also been recommended that ICCB and the IBHE have the authority to make annual recommendations to local governing boards to eliminate or limit certain program offerings. It has also been recommended that programs and courses should be reviewed to determine if they are correctly classified. The committee encourages the local colleges, the ICCB, and

the IBHE to classify programs and courses carefully. Efforts to move programs, courses, and activities to a higher state funding level without strong, legitimate programmatic justification should be resisted.

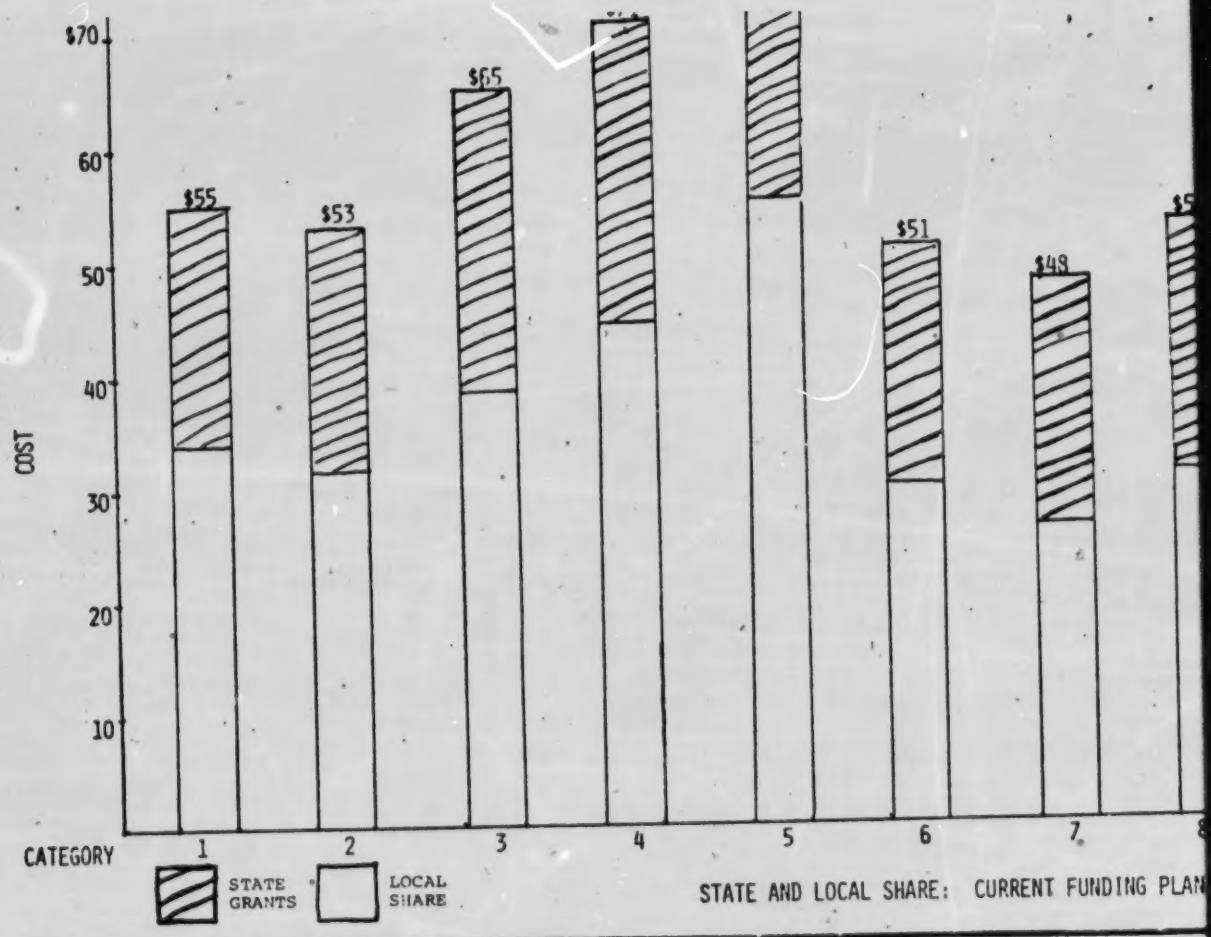
5. Concern--The one cent tax rate supposedly reserved for special local needs doesn't really provide any additional revenue since it was always local money.

Comments--The following example shows how additional revenue is indeed provided by the one cent tax rate reserved for special local purposes:

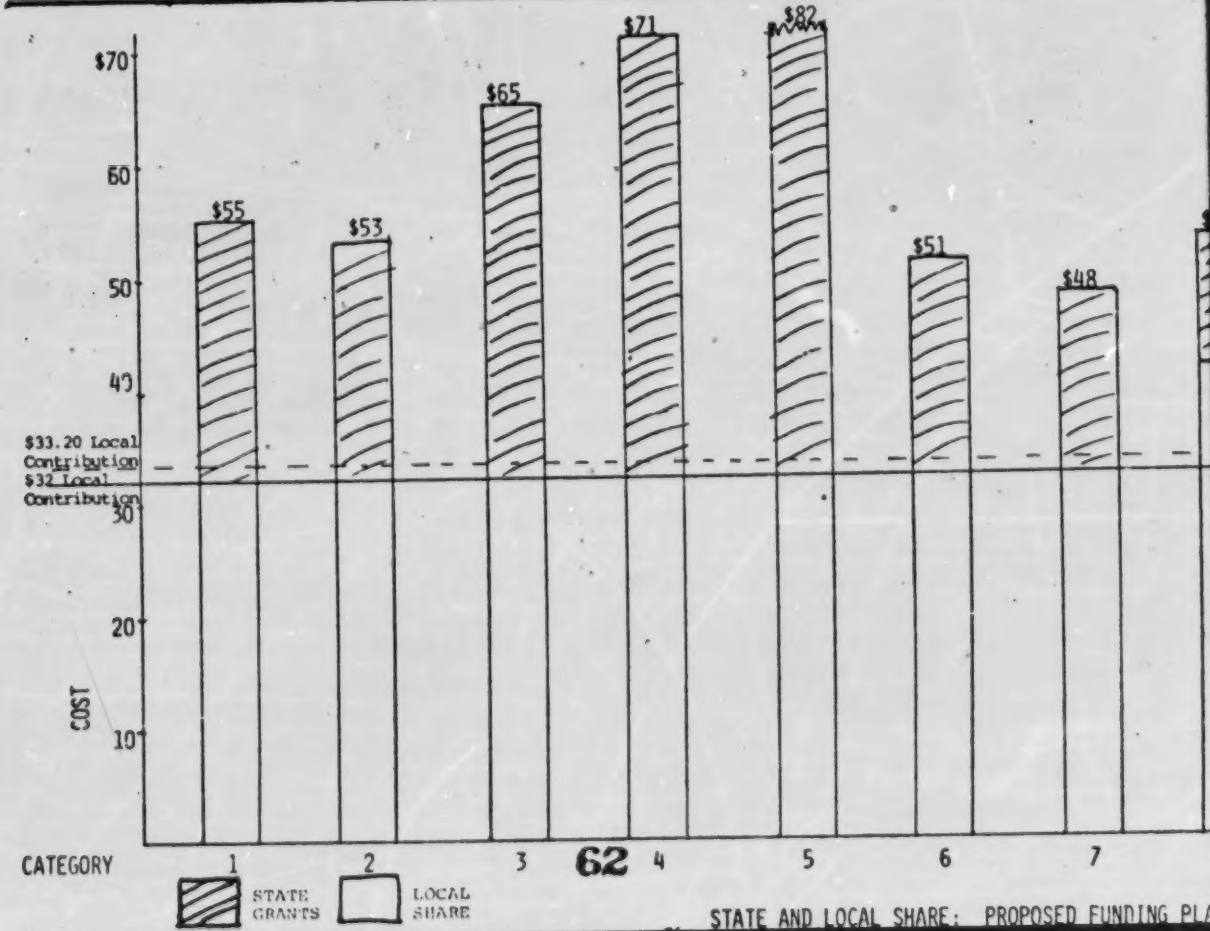
statewide adjusted average cost per baccalaureate cr. hr.	$55.20		$55.20
standard local contribution using an 18¢ (Per $100 EAV) tax rate plus a $10.25 tuition rate	33.20	standard local contribution using a 17¢ (per $100 EAV) tax rate plus a $10.25 tuition rate	32.00
state flat rate grant per cr. hr.	$22.00		$23.20

The credit hour grant is increased by $1,20 by the one cent tax rate reserved for local purposes. In effect, this means that each local district will receive from the state $36 per FTE student enrolled in credit hour courses within the first eight categories. Thus, additional state money is being provided in the instructional category grants to "free up" local tax money to be used to meet unique local needs.

The charts on page 56 compare state and local funding for the current financing plan and the proposed financing plan.



STATE AND LOCAL SHARE: CURRENT FUNDING PLAN



STATE AND LOCAL SHARE: PROPOSED FUNDING PLA

VII. PLAN FOR FUNDING COMMUNITY COLLEGE CAPITAL IMPROVEMENTS

Data provided in Chapter V would indicate that state appropriations for capital facilities have generally been keeping pace with enrollment and programmatic justification; however, there has been considerable delay in actual construction after appropriations have been made. Substantive increases in cost to local districts and to the state have resulted from these delays. Reasons for these long delays include the following:

1. Added reviews by one or more state agencies after a project has been through the regular procedures for planning, review and approval.
2. Changes in guidelines and procedures.
3. Receiving bids that are substantively greater than estimated costs necessitating redesign and rebids. The high rates of inflation over the past several months along with the long delays have often resulted in less space at higher prices.
4. Conflicting interpretations of the statutes regarding authority and responsibility related to acquiring land, hiring architects, and supervising construction.

The committee recommends that all of the state agencies involved work together to help solve some of these problems. It appears that special attention should be given to problems between the colleges and the Capital Development Board since these problems were identified frequently by the colleges.

Although the state has appropriated over $300 million and this figure will reach approximately $400 million if funds are appropriated for Loop College and the FY76 IBHE recommendations, this will not provide funds to complete all campuses. It does appear however, that community college construction needs are decreasing and requests for new construction should be reviewed carefully.

It is recommended that community colleges cooperate with other institutions and agencies to avoid unnecessary duplication of facilities and curricular offerings. There are some excellent examples of cooperation taking place now and these should be encouraged. Cooperative and contractual arrangements between public community colleges and private colleges and universities can often be in the best interest of all. Community colleges can save by not building space that already exists in a private college. The private college becomes a little more efficient by filling up small classes and using existing space and instructors. The state provides funds for community colleges and also provides some aid to private colleges and thus also benefits from these arrangements.

The current plan of a minimum of 25 percent local share and up to 75 percent state share for capital construction should be continued. Most districts have had either their basic campus or their entire campus built under this arrangement. Continuation of the plan is fair and equitable to the remaining districts who do not as yet have a college campus with permanent facilities.

Caution should be exercised in building new facilities to avoid providing space in excess of enrollment needs. It should be noted that it costs two or three times more for operations and maintenance over the life of a building than the initial construction costs. Enrollments that are better served off-campus should be excluded in determining on-campus building

needs. Although there will always be peak enrollment periods during the day, or evening, more efforts should be made to spread the enrollments throughout the day and week.

The ICCB and IBHE should continue their efforts to refine guidelines used to determine space needs and costs for community college construction. Because of changing needs, new instructional approaches, and new construction methods, the need to study and refine space needs and building cost guidelines is a continuing process.

Interim community college facilities should be used as long as practical. Many different kinds of buildings are referred to as interim facilities. Such facilities range from very cheaply constructed frame barracks type of buildings to well-constructed, functional metal buildings. It is obvious that some of these buildings have a projected long-term usefulness. In such cases, it is beneficial to both the local district and the state for such facilities to be classified as permanent facilities. Local districts should be reimbursed by the state for the cost of such space on the same 75-25 percent ratio as newly constructed space.

Other interim space not so well constructed has a shorter projected life but may have possibilities for remodeling. Some older buildings, brick or stone buildings, have been purchased or given to community colleges and will need remodeling. In both cases the space should be analyzed for long-term usefulness and costs before funds are expended. However, some such space may very well be used for a number of years with little or no additional expenditures. Other interim space is impractical and/or unsafe and should be removed or replaced as soon as possible.

Some local districts have built with local funds, or leased and plan to buy, functional, permanent buildings. This space, wherever practical, should be considered a part of the permanent campus and equitable

reimbursements of the state share should be made before other permanent construction is undertaken. Many times these buildings have been built for one purpose with plans to convert the building to other uses as soon as other buildings are constructed. This points out that planning, often very good long-range planning, is taking place in the local community college districts. It should be emphasized that planning is a continuous process and plans made yesterday are not always the best for tomorrow. In fact, campus building master plans should be reviewed from time to time to determine the amount and kind of space really needed to carry on the college program most efficiently and effectively. The long-range fiscal impact on operations and maintenance is perhaps even more important than the initial cost of a building project.

Except for two special appropriations to the City Colleges of Chicago the state has not provided money for moveable equipment needed to complete a new building project. The state statutes allow for such expenditures but thus far (except for instances noted above) the state has considered land acquisition, building construction, and site improvement of higher state priority than purchase of equipment. In some instances this procedure has proven to be an almost insurmountable handicap, but overall the local districts have been able to equip new buildings very well. Part of this has been due to the fact that state and federal money for equipment has been provided through DVTE funds. In fact, both the FY1976 IBHE budget recommendations and the committee's proposed financing plan for community college operations have not counted DVTE equipment grants (the equipment grants have been approximately $1 million a year) as a part of operations but rather a part of capital expenditures. There have also been other federal grants, (Title VI equipment grants, library grants, and some health

service grants) that have provided several million dollars worth of equipment for community colleges.

It is recommended that state dollars for capital improvements be used for needed buildings and fixed equipment before state financing is made available for moveable equipment. Some further study should be made of limited equipment grants in special cases, taking into consideration other state and federal equipment grants.

APPENDIX A - SUPPLEMENTARY MATERIALS RELATED TO PROPOSED FUNDING PLAN

A.1. Procedures Used to Calculate Credit-Hour Grants in the Proposed Funding Plan

A.2. Categories of Instruction in Illinois Community Colleges

A.3. Total Resources Available to Local Community College Districts from Tuition, Local Taxes, and State Grants Under the Proposed Plan

Appendix A.1
Procedures Used to Calculate Credit-Hour Grants in the Proposed Funding Plan

At the outset it is important to emphasize that the procedures used to calculate appropriate cost levels for each category of instruction may vary from year to year as the available data are refined and as improvements are made in the procedures used to estimate costs. For the purpose of demonstrating the proposed funding plan the following procedure was used:

1. The total resource requirements of the community college system for FY1976 were estimated using procedures developed by the Board of Higher Education staff for the Board's FY1976 budgetary recommendations. These procedures accounted for enrollment growth, marginal cost savings, inflationary cost increases, and productivity savings.

2. The portion of the total resource requirements of community colleges to be funded from credit hour grants, and local revenues for instruction was calculated as follows:

Total resource requirements	$239,400,000
less retirement	4,500,000
less special grants	9,300,000
less public service and research	3,300,000
Balance	$222,300,000

3. The distribution of enrollments among the eight categories of instruction for FY1976 was estimated using Fall 1974 enrollment patterns and the relative cost of each category of instruction was obtained from the FY1974 unit cost study.

4. "Cost per credit hour" in each instructional category for FY1976 was estimated on the basis of the enrollment mix projected for FY1976, the relative cost of each category of instruction in the latest cost study, and the total resource requirement for FY1976 less adjustments for public service and research, special

grants, and retirement. The costs per credit hour produced through this approach (approximately 9% higher than FY74 levels) are somewhat lower than actual costs anticipated for FY1976 because special grant funds which are applied to instruction are removed for the purposes of calculating credit hour grants.

5. Total local revenues available for FY1976 were estimated at $130,700,000. $4.8 million (revenue from a 1¢ per $100 assessed valuation tax) was subtracted from this amount to fund public service activities, research, costs for general studies courses not covered by state revenues, and other local priorities. This subtraction left $125,900.0 of local funds for instruction, or $32.00 per credit hour given an enrollment of 131,000 FTE..

6. The level of state credit hour grants in each of the first seven instructional categories was calculated by subtracting the local contribution of $32.00 from the cost established in step #4 above. In the eighth category the level of state funding was set at one half the difference between "cost" and the standard local contribution. Table A. 1 displays FY74 costs and the calculations used to set the credit hour grant levels.

TABLE A 1

CREDIT HOUR GRANTS FOR FY1976
UNDER THE PROPOSED FUNDING PLAN

	FY1974 Cost	Estimated FY1976 Cost	Less Local Funding at $32.00	Proposed State Grant	% of Cost	Remaining for Local Funding
Baccalaureate	$50.60	$55.20	$23.20	$23.20	42%	--
Business and Public Service	49.00	53.40	21.40	21.40	40	--
Non-Business Occupational						
Data Processing & Commerce Technologies	59.50	64.90	32.90	32.90	51	--
Natural Science and Industrial Technologies	65.60	71.50	39.50	39.50	55	--
Health Professions	75.50	82.30	50.30	50.30	61	--
General Studies						
Review of Vocational Skills	46.30	50.50	18.50	18.50	37	--
Remedial/Developmental	44.30	48.30	16.30	16.30	34	--
Other General Studies	48.50	52.90	20.90	10.45	20	10.45

APPENDIX A.2

CATEGORIES OF INSTRUCTION IN COMMUNITY COLLEGES

Baccalaureate

- Agriculture
- Architecture
- Area Studies
- Biological Sciences
- Business and Management
- Communications
- Computer and Information Sciences
- Education
- Engineering
- Fine and Applied Arts
- Foreign Languages
- Health Professions
- Home Economics
- Law
- Letters
- Library Science
- Mathematics
- Military Science
- Physical Sciences
- Psychology
- Public Affairs
- Social Sciences
- Theology
- Interdisciplinary Studies

General Studies

- Developmental, Preparatory or Basic Skills
- Personal Development
- Intellectual and Cultural
- Improving Family Circumstances
- Homemaking
- Health, Safety and Environment
- Community and Civic Development
- Development and/or Review of Vocational Skills

Occupational (Career Oriented)

- Business Technologies
- Commerce Technologies
- Data Processing Technologies
- Health Services and Paramedical Technologies
- Mechanical and Engineering Technologies
- Natural Science Technologies
- Public Service Related Technologies

Appendix A.3
Funds Available to Local Districts from Tuition, Local Taxes, and State Grants Under the Proposed Plan(1)

District	FY1976 FTE	Tuition Per FTE	Local Taxes Per FTE	Credit Hour Grants Per FTE	Equalization(2) Per FTE	Disadvantaged Grants(2) Per FTE	Total Funds Per FTE	Total Budget
1	1212.	182.40	795.97	844.92	3.74	12.54	1839.57	2229102.00
2	7572.	480.00	452.65	746.45	0.0	9.72	1688.82	12788329.0
3	4661.	432.00	325.30	731.30	112.06	20.17	1620.83	7555485.00
4	7852.	372.00	388.85	789.04	124.73	10.85	1685.47	13234684.0
5	3521.	444.00	696.43	802.34	0.0	14.77	1957.54	6892701.00
6	1498.	448.00	542.33	784.49	0.0	50.19	1825.01	2734278.00
7	1904.	286.00	432.09	766.49	78.59	26.89	1590.05	3027995.00
8	36498.	140.00	709.12	677.89	30.69	61.99	1619.69	59116032.0
9	2095.	340.00	769.26	801.32	0.0	6.49	1917.07	4016877.00
10	3374.	560.00	404.15	756.69	130.65	4.86	1856.35	6263339.00
11	3236.	512.00	466.79	762.79	0.0	24.23	1765.81	5713647.00
12	3711.	471.00	529.77	784.72	0.0	17.09	1802.58	10294202.0
13	2053.	212.00	715.58	782.52	0.0	0.97	1711.07	3511994.00
14	5104.	320.00	720.19	767.23	0.0	8.07	1815.49	9265967.00
15	2330.	460.00	360.60	784.59	59.77	13.05	1678.01	3910111.00
16	2293.	276.00	495.88	733.11	0.0	13.96	1518.94	3482760.00
17	2323.	291.00	428.40	810.54	0.0	13.09	1543.02	3583701.00
18	1180.	256.50	818.13	832.27	0.0	8.48	1915.37	2259986.00
19	992.	344.00	888.87	781.54	10.17	38.70	2063.28	2047245.00
20	1466.	384.00	737.60	752.43	0.0	13.37	1887.39	2767658.00
21	1037.	100.00	565.68	802.16	118.69	17.35	1603.87	1663588.00
22	3759.	286.00	507.26	753.05	74.70	1.70	1622.71	6100211.00
23	1285.	374.00	673.11	823.78	31.06	19.92	1921.87	2470155.00
24	3904.	320.00	737.31	719.60	62.59	10.96	1850.47	7224501.00
25	3827.	354.50	524.75	749.78	0.0	5.02	1634.04	6254008.00
26	2321.	279.00	874.19	754.75	0.0	22.06	1929.99	4480329.00
27	1322.	382.20	1157.26	768.63	16.04	1.21	2325.34	3072959.00
28	982.	492.00	564.31	741.85	0.0	12.62	1810.78	1778817.00
29	2911.	93.00	370.96	742.41	309.99	46.72	1563.08	4549861.00
30	1350.	84.80	596.69	721.09	144.08	5.63	1552.30	2095674.00
31	1089.	192.00	372.70	783.93	116.07	15.06	1479.77	1611195.00
32	3206.	376.00	742.64	779.23	0.0	14.85	1912.72	6132350.00
33	616.	96.00	736.64	853.62	51.83	7.80	1745.87	1075027.00
34	698.	288.00	905.05	830.64	0.0	3.44	2027.13	1415082.00
35	2827.	340.00	1156.47	699.35	0.0	4.81	2200.62	6222067.00
36	2018.	344.00	1014.28	759.69	0.0	25.17	2143.13	4325876.00
37	1034.	355.20	1283.54	720.87	0.0	10.06	2369.67	2450095.00

(1) This table does not account for revenues from OSPI, federal sources, or other miscellaneous sources.

(2) The special grants per FTE on this table are not the same as those on Table 13, because Table 13 uses in-district FTE enrollments. The total amounts available to each district are the same.

APPENDIX B

Information regarding funding of public community colleges in several other states was reviewed by the committee. This appendix briefly summarizes financing plans for which written materials were provided.

California

In California a measure of average daily attendance is used as the unit for funding community colleges. One average daily attendance (ADA) unit is defined as 15 contact hours per week. Thus, one ADA unit is roughly comparable to the Illinois FTE student. The count of students for funding is taken on the tenth day after registration. This count is then adjusted for attrition.

A basic level of funding is provided for each ADA in every community college. If this aid plus tuition and local tax revenues is insufficient to provide a foundation level of support per ADA enrollment, additional state aid is provided up to that foundation level.

Local voters in California elect a level of expenditures per student, not a tax rate, when setting taxes for community colleges. This level of expenditures can increase 6 percent each year without a new vote of the electorate. Hence, local expenditures per student increase and decrease with enrollment and can grow with inflation at the rate of 6 percent a year without a new vote of the people. Thus, local taxes would increase if enrollment and/or inflation, to the extent of 6 percent, grow faster than the assessed valuation of property in the district. On the other hand, if assessed valuation in the district grows at a rate greater than the combined

impact of enrollment and 6 percent inflationary growth, local taxes would decrease.

Florida

The state of Florida awards grants to community colleges based upon the average cost of instruction in each of 34 disciplines. The enrollment mix at each college is used to calculate total financial need, and the amount of state aid is set at the level of total need less tuition, federal revenues, and other financial resources.

The level of cost in each discipline is determined through a complex cost finding procedure similar to that developed by the National Center for Higher Education Management Systems (NCHEMS) and, in some ways, to cost study procedures used in Illinois. Adjustments in cost are made for inflation based upon a weighted average of the Wholesale Price Index and the Consumer Price Index.

Since the entire state system in Florida is managed centrally, local revenues and local governance issues have not presented significant problems to the system.

Nebraska

Like Florida, the Nebraska community college system is centrally managed at the level of state government. The budgets of each community college are analyzed and approved using a standardized increase formula developed by the Governor and Legislature. Local revenues, and/or local governance problems, do not play a significant role.

New York

New York's system of community colleges resembles Illinois in its overall structure. Local government units sponsor community colleges

and have significant authority in their governance. Unlike Illinois, these local government units are not separately elected governing boards; they generally have administrative responsibility for other governmental functions as well.

The State provides aid to local community colleges primarily on the basis of a one-third/one-third/one-third cost sharing system between State, local government sponsors, and student tuition. Actual grants to community colleges are based upon the cost of their operations with the proviso that state aid cannot exceed a specified ceiling (certain adjustments in state aid may raise the state's contribution up to forty percent of cost).

Adjustments to the state contribution are made as incentives to colleges to comply with certain state criteria related to instructional and administrative practices. For example, higher rates of state aid are provided to community colleges which have "full opportunity" policies for admitting students. In addition to these policies, the state provides special grants for every disadvantaged student enrolled.

Michigan

The State of Michigan provides credit hour grants to locally controlled community colleges in three categories: Liberal arts and business, vocational/technical courses, and health programs. Michigan also provides special grants for small districts in rural areas in order to help defray some of their administrative overhead costs.

A unique feature of the Michigan plan is that state appropriations for a given fiscal year are based upon enrollments in a calendar year which lags slightly behind the period for which funds are granted. For example, state appropriations for the fiscal year July 1, 1975 to June 30, 1976

would be based upon enrollments in the calendar year 1975. This procedure was adopted in order to give community colleges a sounder basis for predicting their state appropriations in future years.

Michigan has also provided special allocations to institutions offering instruction to inmates in correctional institutions and an equalization factor.

Tennessee

Community colleges in Tennessee are managed as an integral part of the statewide higher education system. Expenditures for all of higher education are analyzed on the basis of eleven functional categories. A formula is constructed for expenditures in each of these categories. In the instructional areas specific grants are provided on the basis of cost in a number of disciplines and by level of instruction. Funds for baccalaureate programs are provided in community colleges at the same rate they are provided for senior institutions at the lower division. Separate cost rates are provided for community college vocational courses.

Remedial education is a special item in the formula. Institutions are entitled to an amount equal to $150 times the number of freshmen and sophomore students scoring below 16 on the ACT examinations. The specific appropriation for remedial education however, requires the submission of a request for funding a specific program.

APPENDIX C

ALTERNATIVE FUNDING APPROACHES FOR ILLINOIS COMMUNITY COLLEGES

The committee considered many alternative funding approaches in the course of its deliberations. The following pages briefly summarize several of the options considered.

I - Funding Based Upon Instructional Salaries

The most recent study of costs in Illinois community colleges (FY73) revealed the following average costs per credit hour for direct instructional salaries by program area:

Table 1. Direct Instructional Salaries in FY73 Cost Study

	Direct Salaries	Total Cost
Occupational (Non-Business)	$30.06	62.93
Baccalaureate	21.99	48.34
Occupational (Business)	19.47	48.46
General Studies	13.27	45.58

These salary costs fall in the approximate order of priorities suggested by the committee.

A funding mechanism based upon average instructional salary costs might work as follows: In the initial year of the plan, funding rates per credit hour would be based upon past studies of average instructional salary costs in each of the four major program areas. In succeeding years, the rate in each program area would be adjusted to provide for salary increases due to inflation. This approach would provide local districts with a benchmark percentage increase for collective bargaining which could be exceeded only by moving to another revenue source such as tuition.

The appropriateness of the rate schedule would be monitored through the use of the ICCB information system (e.g. faculty loads and salary levels by program area would be examined each year), but the rates would not necessarily be tied to actual salary costs per unit of instruction. If salaries increase at a rate greater than inflation, the grant increase could be held at the rate of inflation to help control costs.

Finally, actual grants could be set at some percentage less than full salary costs (e.g. 80% or 90%) to prevent the funding mechanisms being used against institutions whose salary costs are below the state average. Additional state aid would be used in grants to help districts with special burdens due to sparsity, disadvantaged students, or a weak property tax base.

This mechanism would have yielded approximately $83 million (based on 90% of direct salary costs) in state funds for FY75, or some $7 million more than would be funded in direct grants under the current plan.

Table 2. The Instructional Salary Approach to Community College Funding for FY75

	Estimated Credit Hours	90% Of Estimated Salary Cost Per Credit Hour	Cost
A. Occupational (non-business)	818,400	29.75	24,347,400
Baccalaureate	2,046,000	21.75	44,500,500
Occupational (Bus.)	409,200	19.25	7,877,100
General Studies	446,400	13.15	5,870,160
		TOTAL	82,595,160

	Estimated Credit Hours	80% Of Estimated Salary Cost Per Credit Hour	Cost
B. Occupational (non-business)	818,400	26.45	21,646,680
Baccalaureate	2,046,000	19.35	39,590,100
Occupational (Bus.)	409,200	17.15	7,017,780
General Studies	446,400	11.70	5,222,880
		TOTAL	73,477,440

II - Variable Rate Funding

Although the direct instructional salary mechanism selects one element of instructional cost as a basis for allocating state funds, the state funding formula could use virtually any combination of grant rates which adequately reflects the priorities established. For example, the state could fund 75% of costs in baccalaureate and non-business occupational programs and none of the costs of other programs. In FY 1975 this would have cost about $124 million.

The actual percentages used should reflect the relative priorities among program types and the total funds available. For example, the committee could suggest funding baccalaureate and occupational studies at twice the level of general studies courses (e.g. 60% of cost vs. 30% of cost) and the precise level could be determined by funds available. Of course, there is no absolute need to restrict the funding mechanism to these particular categories. For example, some have suggested that basic adult education deserves a higher priority than other general studies curricula; this area could be separated out of the general studies category for a separate rate.

One advantage of the variable rate approach is that it provides a mechanism to express state priorities by giving support to institutions for limited types of instruction; the support of other curricula would depend more upon the level of revenue generated by local taxes and tuition. Table 2 shows credit hour enrollments by program type and a rough estimate of cost for FY75. The cost of virtually any set of variable funding rates may be determined by using calculations similar to those in the examples at the bottom of the table. Also, additional funds could be allocated to help districts with special needs due to sparsity, disadvantaged students, or a weak tax base.

Table 3. Variable Funding for FY75

	Estimated Credit Hours	Estimated Cost per Credit Hr.	Total Cost
Baccalaureate	2,046,000	$53.16	$ 108,765,360.
Occupational (Bus.)	409,200	53.31	21,814,452.
Occupational (Non-Bus.)	818,400	69.21	56,641,464.
General Studies	446,400	50.15	22,386,960.
			$ 209,608,236.

Sample Variable Funding Calculations

A.

Baccalaureate @ 60%	2,046,000 x 53.16 x .60	=	$65,259,216.00
Occupational (Bus.) @ 60%	409,200 x 53.31 x .60	=	13,088,671.20
Occupational (Non-Bus.) @ 60%	818,400 x 69.21 x .60	=	33,984,878.40
General Studies @ 30%	446,400 x 50.15 x .30	=	6,716,088.00
		Total	$119,049,153.60

B.

Occupational (Non-Bus.) @60%	818,400 x 69.21 x .60	=	$33,984,878.40
Occupational (Bus.) @60%	409,200 x 53.31 x .60	=	13,088,671.20
Baccalaureate @ 50%	2,046,000 x 53.16 x .50	=	54,382,680.00
		Total	$101,456,229.50

Actual state funding for FY75 (including DVTE and a probable supplemental appropriation) will be approximately $87 million)

III. The Current Funding Plan

The current method of allocating state funds to community colleges combines two levels of grants based on credit hours with several small special grant programs to meet particular needs. All credit hours under the four major curricular areas "earn" a basic grant of $19.20, and those in the occupational non-business area "earn" additional grants of $5.80 from the ICCB and an approximate average grant of $5.00 from DVTE. The special grant programs administered by the ICCB provide funds 1) to assist districts with a low assessed valuation per FTE student, 2) to offset the costs of training disadvantaged students, 3) to support programs of public service, and 4) for educational programs in correctional institutions. These grants are distributed largely by standardized formulas, but a few of the public service and disadvantage grants are made on the basis of competitive proposals submitted to the ICCB.

One option open to this committee is to recommend continuation of the current plan with or without minor modifications. Table 4 shows how the current plan operates for FY75.

Several possible modifications of this plan have been suggested by various parties including Chancellor Shabat of the Chicago City Colleges, the Trustees Association, the Council of Presidents, and others interested in the topic. An exhaustive list of these suggestions may be compiled by referring to materials previously distributed; some of these which are most frequently mentioned include:

1. Base funding on tenth day or end of registration rather than mid-term enrollments.
2. Increase equalization funding.
3. Eliminate equalization funding.
4. Increase disadvantaged grants.
5. Increase funds for public service.
6. Annually increase flat rate by the amount needed for salary increases and other price increases while clearly identifying the percentages used to make the calculations. (Intent is to aid colleges with salary negotiations.)
7. Give incentive grants for retention of students to the end of the term and for successful completion of certificate or degree programs.
8. Shift DVTE grants for vocational education to ICCB administration.

Table 4. Current Plan for FY75

117,000 FTES @ 19.20 per credit hour	67,392,000
22,000 FTES @ 5.80 per credit hour	3,828,000
Subtotal	71,220,000
Estimated Supplemental*	
7,000 FTES @ 19.20 per credit hour	4,032,000
5,280 FTES @ 5.80 per credit hour	918,720
Total ICCB Flat Rate Grants	76,170,720
DVTE Funding	6,000,000
Disadvantaged Students Grants	1,400,000
Public Service Grants	750,000
Correctional Institutions Programs	100,000
Equalization Grants	2,824,700
Total Special Grants	11,075,700
Grand Total	87,246,420

*This table includes estimated supplemental appropriations to fund additional enrollments not projected at the time of the FY75 appropriation.

IV. Other Plans Submitted to the Committee

The Illinois Economic and Fiscal Commission has suggested that community college appropriations be developed through a college by college budgetary review at the state level. The state would be committed to funding a fixed percentage (e.g. 50%) of the approved budget of each college. The appropriate state agency would review each college's budget and recommend a funding level to the Governor and General Assembly. Each college would retain the prerogative to spend more or less than its approved budget. A complete discussion of this proposal was distributed in the materials from the committee's public hearings.

The Illinois Community College Board staff has suggested a "foundation plan" for distributing state funds to community colleges. In brief, this plan is based upon the average cost per FTE student state-wide and the relative ability of local districts to meet that cost level through local taxes and tuition. Every district would receive the state funds necessary to provide support at the average cost level with two qualifying standards for calculating this state support: First, the formula would assume the district would assess the state median tuition and fees; and second, the formula would assume that the district would levy taxes at the rate that would be necessary to provide one-half of the average cost (less the median student tuition) if that district's assessed valuation per in-district FTES were equal to the average of the five wealthiest districts. The state grant per FTES would cover the portion of the average cost not raised by the median tuition and local taxes at the theoretical tax rate. If a district chose to levy a higher or lower tax rate or charge a higher or lower tuition, its state aid would be unaffected.

The attached tables show how this plan would work for FY75 given three different theoretical tax rates.

Table 6*

Illinois Community College Board

FOUNDATION PLAN - SIMULATED FOR FY75
COMPARISON WITH CURRENT FLAT GRANT & EQUALIZATION PLAN

Dist. No.	College	1972 EAV/1973 FTE x 12¢	Foundation ($1210) Minus Local Revenue	Proj. FY75 Appor. FTE	Foundation State Funding	Current Flat Grant & Equal. Funding
501	Kaskaskia	362	848	1250	$1 060 000	$ 842 625
502	DuPage	638	572	6950	3 975 400	4 003 200
503	Black Hawk	354	856	3700	3 167 200	2 523 030
504	Triton	437	773	7300	5 642 900	4 373 430
505	Parkland	673	537	3050	1 637 850	1 756 800
506	Sauk Valley	479	731	1350	986 850	777 600
507	Danville	291	919	1700	1 562 300	1 266 330
508	Chicago City	524	686	36000	24 696 000	20 736 000
509	Elgin	476	734	1900	1 394 600	1 094 400
510	Thornton	420	790	3500	2 765 000	2 155 650
511	Rock Valley	561	649	3100	2 011 900	1 785 600
512	Wm. R. Harper	555	655	5700	3 733 500	3 283 200
513	Ill. Valley	685	525	1900	997 500	1 094 400
514	Ill. Central	503	707	4700	3 322 900	2 707 200
515	Prairie State	444	766	2200	1 685 200	1 302 180
516	Waubonsee	622	588	2100	1 234 800	1 209 600
517	Lake Land	456	754	2100	1 583 400	1 217 790
518	Carl Sandburg	496	714	1000	714 000	576 000
519	Highland	438	772	1025	791 300	612 847
520	Kankakee	581	629	1450	912 050	835 200
521	Rend Lake	345	865	925	800 125	639 082
522	Belleville	251	959	3800	3 644 200	2 983 380
523	Kishwaukee	470	740	1250	925 000	720 000
524	Moraine	501	709	3800	2 694 200	2 188 800
525	Joliet	582	628	3600	2 260 800	2 073 600
526	Lincoln Land	541	669	2600	1 739 400	1 497 600
527	Morton	575	635	1350	857 250	777 600
528	McHenry	784	426	1000	426 000	576 000
529	Ill. Eastern	232	978	2600	2 542 800	2 090 400
530	John A. Logan	285	925	1400	1 295 000	1 051 260
531	Shawnee	242	968	1000	968 000	794 100
532	Lake County	583	627	2900	1 818 300	1 670 400
533	Southeastern	330	880	700	616 000	494 130
534	Spoon River	765	445	675	300 375	388 800
535	Oakton	891	319	2800	893 200	1 612 800
536	Lewis & Clark	542	668	2050	1 369 400	1 180 800
537	Decatur	898	312	1000	312 000	576 000
	Totals			125 425	87 336 700	$75 467 834

*No grandfather clause as in Table 5

Table 5*

Illinois Community College Board

FOUNDATION PLAN - SIMULATED FOR FY75

COMPARISON WITH CURRENT FLAT GRANT & EQUALIZATION PLAN

Dist. No.	College	1972 EAV/1973 FTE x 10¢	Foundation ($1210) Minus Local Revenue	Proj. FY75 Appor. FTE	Foundation State Funding	Current Flat Grant & Equal Funding
501	Kaskaskia	302	908	1250	$1 135 000	$ 842 625
502	DuPage	531	679	6950	4 719 050	4 003 200
503	Black Hawk	295	915	3700	3 385 500	2 523 030
504	Triton	365	845	7300	6 168 500	4 373 430
505	Parkland	561	649	3050	1 979 450	1 756 800
506	Sauk Valley	399	811	1350	1 094 850	777 600
507	Danville	243	967	1700	1 643 900	1 266 330
508	Chicago City	437	773	36000	27 828 000	20 736 000
509	Elgin	396	814	1900	1 546 600	1 094 400
510	Thornton	350	860	3500	3 010 000	2 155 650
511	Rock Valley	468	742	3100	2 300 200	1 785 600
512	Wm. R. Harper	462	748	5700	4 263 600	3 283 200
513	Ill. Valley	571	639	1900	1 214 100	1 094 400
514	Ill. Central	419	791	4700	3 717 700	2 707 200
515	Prairie State	370	840	2200	1 848 000	1 302 180
516	Waubonsee	518	692	2100	1 453 200	1 209 600
517	Lake Land	380	830	2100	1 743 000	1 217 790
518	Carl Sandburg	413	797	1000	797 000	576 000
519	Highland	365	845	1025	866 125	612 847
520	Kankakee	484	726	1450	1 052 700	835 200
521	Rend Lake	287	923	925	853 775	639 082
522	Belleville	209	1001	3800	3 803 800	2 983 380
523	Kishwaukee	392	818	1250	1 022 500	720 000
524	Moraine Valley	418	792	3800	3 009 600	2 188 800
525	Joliet	485	725	3600	2 610 000	2 073 600
526	Lincoln Land	451	759	2600	1 973 400	1 497 600
527	Morton	479	731	1350	986 850	777 600
528	McHenry	653	576	1000	576 000	576 000
529	Ill. Eastern	193	1017	2600	2 644 200	2 090 400
530	John A. Logan	238	972	1400	1 360 800	1 051 260
531	Shawnee	201	1009	1000	1 009 000	794 100
532	Lake County	486	724	2900	2 099 600	1 670 400
533	Southeastern	275	935	700	654 500	494 130
534	Spoon River	638	576*	675	388 800	388 800
535	Oakton	743	576*	2800	1 612 800	1 612 800
536	Lewis & Clark	452	758	2050	1 553 900	1 180 800
537	Decatur	748	576*	1000	576 000	576 000
	Totals			125 625	$98 502 000	$75 467 835

*Protected by grandfather clause from a lower rate

Table 7*

Illinois Community College Board

FOUNDATION PLAN - SIMULATED FOR FY75
COMPARISON WITH CURRENT FLAT GRANT & EQUALIZATION PLAN

Dist. No.	College	1972 EAV/1973 FTE x 15¢	Foundation ($1210) Minus Local Revenue	Proj. FY75 Appor. FTE	Foundation State Funding	Current Flat Grant & Equal Funding
501	Kaskaskia	453	757	1250	$ 946 250	$ 842 625
502	DuPage	797	413	6950	2 870 350	4 003 200
503	Black Hawk	443	767	3700	2 837 900	2 523 030
504	Triton	548	662	7300	4 832 600	4 373 430
505	Parkland	842	368	3050	1 122 400	1 756 800
506	Sauk Valley	599	611	1350	824 850	777 600
507	Danville	365	845	1700	1 436 500	1 266 330
508	Chicago City	656	554	36000	19 944 000	20 736 000
509	Elgin	594	616	1900	1 170 400	1 094 400
510	Thornton	525	685	3500	2 397 500	2 155 650
511	Rock Valley	702	508	3100	1 574 800	1 785 600
512	Wm. R. Harper	693	517	5700	2 946 900	3 283 200
513	Ill. Valley	857	353	1900	670 700	1 094 400
514	Ill. Central	629	581	4700	2 730 700	2 707 200
515	Prairie State	555	655	2200	1 441 000	1 302 180
516	Waubonsee	777	433	2100	909 300	1 209 600
517	Lake Land	570	640	2100	1 344 000	1 217 790
518	Carl Sandburg	620	590	1000	590 000	576 000
519	Highland	548	662	1025	678 550	612 847
520	Kankakee	726	484	1450	701 800	836 200
521	Rend Lake	431	779	925	720 575	639 082
522	Belleville	314	896	3800	3 404 800	2 933 380
523	Kishwaukee	588	622	1250	777 500	720 000
524	Moraine Valley	627	583	3800	2 215 400	2 188 800
525	Joliet	728	482	3600	1 735 200	2 073 600
526	Lincoln Land	677	533	2600	1 385 800	1 497 600
527	Morton	719	491	1350	662 850	777 600
528	McHenry	980	230	1000	230 000	576 000
529	Ill. Eastern	290	920	2600	2 392 000	2 090 400
530	John A. Logan	357	853	1400	1 194 200	1 051 260
531	Shawnee	302	908	1000	908 000	794 100
532	Lake County	729	481	2900	1 394 900	1 670 400
533	Southeastern	413	797	700	557 900	494 130
534	Spoon River	957	253	675	170 775	388 800
535	Oakton	1115	95	2800	266 000	1 612 800
536	Lewis & Clark	678	532	2050	1 090 600	1 180 800
537	Decatur	1122	88	1000	88 000	576 000
	Totals			125 425	$71 165 000	$75 67 834

*No grandfather clause as Table 5

UNIVERSITY OF CALIF.
LOS ANGELES

SEP 12 1975

CLEARINGHOUSE FOR
JUNIOR COLLEGE
INFORMATION